CHAPTER I

CONCEPTUAL FRAMEWORK

1.0 INTRODUCTION

"Education is not received, it is achieved ".

"The whole Purpose of Education is to turn, Mirrors into Windows ".

- Sydney J. Harris

"Education is not the same amount of information that is put into your brain and runs riot there, indigested all your life. We must have life-building, man-making, character-building, assimilating fine ideas and making them your life and character. You have more education than any man who has got by heart a whole library".

- Swami Vivekananda

Education is a complex term, having different meanings and functions at different times. It is difficult to find a universal aim of education as education is given at different levels at different stages of life of different groups. Yet education is to be harmonized with the needs and characteristics of each stage. In general, it can be said that education has to play a very important role in building the life of the pupil. Education contributes to develop knowledge skills, abilities, attributes and values. Education can imbue the individual with knowledge, a sense of purpose and confidence essential for a dynamic, vibrant and cohesive nation. Aim of Education is to prepare an individual for both 'making a living' and 'making a life'. Thus viewed, aim of education comprises of both 'vocational education' and 'cultural education'. The individual must be able to earn a living for leading a civilized life.

For centuries, India has been a major centre for learning and many popular universities existed here. Even today, the country has some of the best Universities in the world in the field of Management and I.T . Besides, it is also facing many challenges in its primary education while striving to reach 100% literacy. Through the Universal Compulsory Primary Education, maintaining the quality of education in rural areas has been difficult and Kerala is the only Indian state to achieve this goal.

In such a perspective, commerce education is to be looked upon as just one phase of education, not inferior or superior to any other phase or branch. Commerce education has also been conceived to be a vehicle for enhancing the quality of life of individuals and economic growth of a country. It enhances employability and work proficiency. Like other branches of education, commerce education also develops manpower for various economical activities. Commerce education is not only education about commercial activities but with the advancement in the field of commerce it has included various social welfare aspects which lead to individual and economy development of the country. By being productive citizens, every individual contributes to the economic growth of the country. Irrespective of the discipline of education, every individual must possess financial knowledge.

A livelihood comprises the capabilities, assets and activities required for a means a living. A livelihood is deemed sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities, assets and activities, both now and in the future. Potential livelihood outcomes can include improved food security, higher income, reduced vulnerability, increased well-being, protected right of access and recovered human dignity .So, it can be said that by earning livelihood at the individual level the individual satisfies his/her family needs and at national level by earning income the individual contributes to national income.

Contribution to national income by earning income is not enough but this income should be allocated in such a manner that it contributes to the development of the country. For allocation of earned income the savings and investments lead to capital formation, which in turn, increases the economic development and prosperity of the country. An Individual saves a certain proportion of his income in banks in the form of savings, fixed deposits but there are wide varieties of means for saving money. But for that he must possess the knowledge of those means that are not ended themselves. If at the individual level, he is able to manage the personal finance efficiently by savings and investment, then it automatically leads to economic development. In this endeavour, financial literacy and financial education become very essential for effective management of finance.

1.1 CONCEPT OF FINANCE

The origin of finance is traced; there is evidence to prove that it is as human life on earth. The word finance was originally a French word. In 18th century, it was adapted by English speaking communities to mean "the management of money". Since then, it founded permanent place in English Dictionary. Today, finance is not merely a word else has emerging an academic discipline of greater significance. Finance is now organized as branch of Economics. The word 'finance' first appeared in Middle French around the year 1400 and it simply meant ''ending, settlement of a debt". This usage was derived from the Middle English 'finis', "a payment in settlement, fine or tax", which in turn came from the Latin finis,, meaning 'end', the origin of the present word fine. The use of the word 'fine' as related to monetary matters was "to make fine", "make2 one's peace", or "settle a matter", which is a much more positive way of looking at one's financial affairs

Finance is not a foreign language that is understood only by those who have studied for years. Everyone who functions in today's society has a basic understanding of the principles of finance. The one word which can easily replace finance is "EXCHANGE". Finance is nothing but exchange of available resource. Finance is restricted not only to the exchange and/or management of money. A barter trading system is also a type of finance. Thus it can be said that Finance is an art of managing various available resources like money, assets, investments and securities.

"Finance" is a broad term that describes two related activities: the study of how money is managed and the actual process of acquiring needed funds."

"Finance is the Management of money and other valuables which can be easily converted into cash".

-General sense

"Finance is a simple task of providing the necessary funds (money) required by the business of entities like companies, firms, Individuals and others on the terms that are most favourable to achieve their economic objectives".

- Experts

“Finance is concerned with cash. It is so, since, every business transactions involve cash directly or indirectly.”

- Entrepreneurs

“Finance is the procurement (to get, obtain) of funds and effective (properly planned) utilization of funds. It also deals with profits that adequately compensate for the cost and risks borne by the business.”

- Academicians

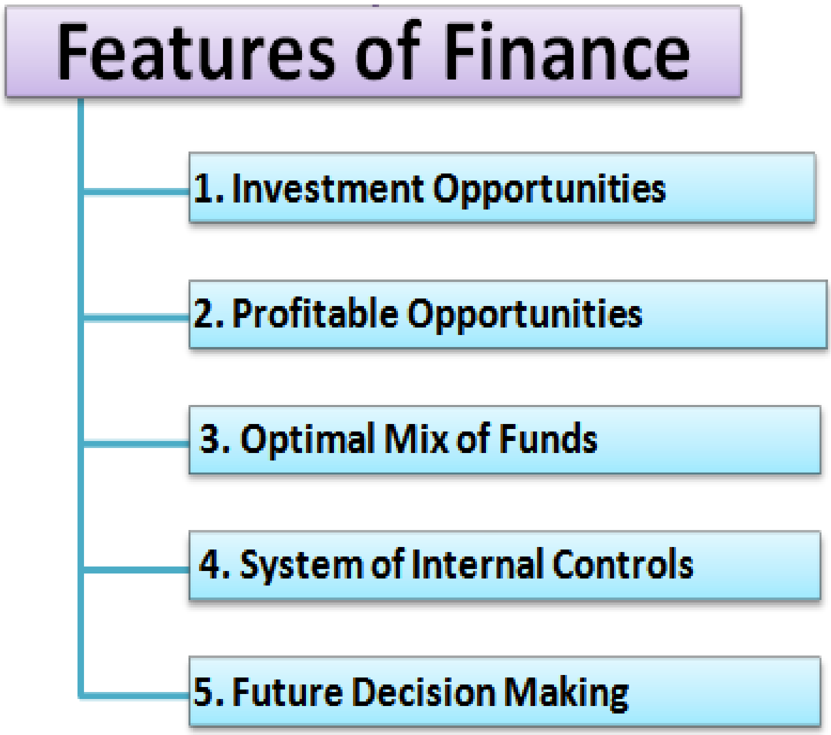
Because individuals, businesses and government entities all need funding to operate, the field is often separated into three sub-categories: personal finance, corporate finance and public finance. All three categories are concerned with activities such as pursuing sound investments, obtaining low-cost credit, allocating funds for liabilities, and banking. Yet each has its own specific considerations.

For example, individuals need to provision for retirement expenses, which means investing enough money during their working years and ensuring that their asset allocation fits their long-term plans. A large company, on the other hand, may have to decide whether to raise additional funds through a bond issue or stock offering. Investment banks may advise the firm on such considerations and help them market the securities.

As for public finance, in addition to managing money for its day-to-day operations, a government body also has larger social responsibilities. Its goals include attaining an equitable distribution of income for its citizens and enacting policies that lead to a stable economy.

1.2 FEATURES OF FINANCE

Below given in short are the feature of finance:



1. Investment Opportunities

In Finance, Investment can be explained as utilization of money for profits or returns. Investment can be done by:

- Creating physical assets with money,(such as Development of Land, acquiring Financial aspects etc.,)
- Carrying on business activity (like manufacturing, trading etc.) and
- Acquiring Financial Securities (Such as Shares, Bonds, Units of Mutual Funds, etc,.)

Investment opportunities are commitments of monetary resources at different times with an expectation of economic returns in the future.

2. Profitable Opportunities

In Finance profitable opportunities are considered as an important aspiration. Profitable opportunities signify that the firm must utilize its available resources most efficiently under the conditions of cut-throat competitive markets. Profitable opportunities shall be a vision. It shall not be result in short-term profits at the expense of long term gains.

For example, business carried out with non-compliance of law, unethical ways of accounting the business etc usually may result in huge short-term profits but may also hinder the smooth possibility of long term gains, and survival of business in future.

3. Optimal Mix of Funds

Finance is concerned with the best optimal mix of funds in order to obtain the desired and determined result respectively. Primarily, funds are of two types, namely,

1. Owned Funds (Promoters, contribution, equity shares etc,)
2. Borrowed Funds (Bank Loans, Bank Overdraft, Debentures, etc.)

The composition of funds should be such that it shall not result in loss of profits to the Entrepreneur (Promoters) and must recover the cost of business units effectively and efficiently.

4. System of Internal Controls

Finance is concerned with internal controls maintained in the organization or workplace. Internal controls are set of rules and regulations framed at the inceptions stage of the organization, and they are altered as per the requirement of its business.

5. Future Decision Making

Finance is concerned with the future decision of the organization. A “Good Finance” is the indicator of growth and good returns. This is possible only with the good analytical decision of the organization. However, decision shall be framed by giving more emphasis on the present and future perspective respectively.

1.3 IMPORTANCE OF FINANCE

Finance plays a very important role in day to day lives of individual or corporation. Here it must be appropriate to quote the words of Husband and Dockery, "Something must direct the flow of the economic activity that facilitates its smooth operations. Finance is the agent that produces this result". It is a very wide term and it can be said to be the study of the science of managing funds. Usually, finance includes the areas of public, personal and business finance. It includes things related to lending, spending and saving money. An important aspect of finance is that individuals and corporations deposits money in a financial institution, especially banks, which in turn, lend out money and charge an interest for their services. Finance thus, is not exclusively associated with business. It is also associated with personal life.

Finance plays a very important role in day to day lives of each individual or corporation. It is a very wide term and it can be said to be study of the science of managing funds. Usually finance includes the areas of public, personal and business finance. It includes things related to lending, spending and saving money. An important aspect of finance is that individuals and corporations deposits money in a financial institution, especially banks, who in turn lend invested money and charge an interest for their services.

- **Pivotal Roles of Finance**

1. **Corporate Finance**

Corporate finance deals with financial decisions which an organization makes, whether it's investments, analysis of credit, selling of assets or products or acquiring assets. It maximizes corporate value and at same time managing risks associated with investing in a particular product or project.

2. **Business**

Finance for a business can't be undervalued and it can be regarded as the lifeline of a business which is required for its well-being. It acts as a lubricant helping to keep the business running. Current business may need finance for expansion or making changes to its products as per market requirements.

3. **Personal Finance**

Personal Finance is an important part of long-term plans to gain financial stability, especially after retirement. It is required to have a clear idea of what is required in future such as the amount of money after retirement, improving life style etc.

1.4 IMPORTANCE OF PERSONAL FINANCE

Personal finance budgeting is an important part of an Individual's long-term plans to gain financial stability, especially after retirement. A clear idea of what is required in future such as the amount of money he need after retirement. It is required to have a plan and goal of translating ideas into reality. It is essential to consider the things purchased in the past and the things which will be purchased on later. For this purpose it is required to plan and have a goal of translating ideas into reality. It helps in identifying the capabilities of how good and bad choices are made.

While thinking of a long-term plan, budgeting the savings becomes an important part of personal finance. Savings would help to make investments in future so that there is a secured life. Along with that it helps in taking for making minimum expenses and increase. Having said that, it also needs to take care to keep expenses to the minimum, which is one of the most important personal finance tips which one should follow. For managing personal finance individuals must be aware of the concept of allocating his/her finance in proper financial products. Individuals require the knowledge of managing his finance in terms of not only acquisition but also allocation and utilization of finance in a proper way. All these aspects are related with financial literacy. The higher the financial literacy, the better the allocation and utilization of finance.

1.5 CONCEPT OF FINANCIAL LITERACY

Financial literacy is the ability to use knowledge and skills for money management. Gaining the knowledge and developing the skills to become financially literate is a lifelong process that begins with something as simple as putting a few pennies in a piggy bank, and evolves to more advanced subjects such as risk and asset allocation.

Financial literacy is not a new term. There are number of definitions of financial literacy, among them one given by OECD, which defines it as *"a combination of financial awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial* wellbeing." Financial literacy is expected to impart the wherewithal to make ordinary individuals into informed and questioning users of financial services. It is not just about markets and investing, but also about saving, budgeting, financial planning, basics of banking and most importantly, about being "Financially Smart".

"Financial Literacy may be defined as the ability to make informed judgements and to take effective decisions regarding the use and management of money. This definition places emphasis on the skills and areas of knowledge that are likely to be necessary to make informed judgements".

-ANZ Survey of Adult Financial Literacy in Australia.

"Financial Literacy has been defined as ―the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being".

- President's Advisory Council on Financial Literacy (PACFL 2008)

Financial literacy is the set of skills and knowledge that allow you to understand:

"The financial principles you need to know to make informed financial decisions and the financial products that impact your financial well-being".

This definition allows identifying key personal finance topics and behaviours that support financial success. Without this knowledge, a person is unlikely to pass any test of financial competency. Checklist would include the ability to:

- *Understand the key financial products* you may need throughout your life – including bank accounts, mortgages, retirement savings plans and basic investments like stocks, bonds and mutual funds
- *Understand basic financial concepts* like compound interest, investment return, risk, diversification and so on
- *Discuss money and financial issues* – even if you don't really like to talk about them
- *Make good financial choices about saving, spending and managing debt* throughout your life: for example, when getting an education, starting a job,

buying a house, starting a family, getting ready to retire and living out your senior years.

Respond competently to changes that affect your everyday financial well-being – including events in the general economy like the recent collapse of financial markets, rising unemployment and the threat rapid inflation.Financial literacy encompasses both knowing about money matters and being equipped to utilize that knowledge by applying it across a range of contexts. What a person needs to know to be financially literate will vary depending upon their circumstance and needs. Generally, however, it will involve an understanding of the following:

- Person's own values and priorities
- Budgeting, savings and how to manage money
- Credit
- Importance of insurance and protecting against risk
- Investment basics
- Knowledge about where to go for advice and additional information, guidance and support
- Awareness about recognizing a potential conflicts of interest and
- Skills to recognize and avoid scams.

The ANZ Financial Literacy Framework:

The ANZ has proud heritage of more than 175 years. They operate in 32 markets globally in Asia, Australia, New Zealand, Pacific, Europe, Middle East and America and among the top 50 banks in the world.The Australia and New Zealand Banking Group Ltd. Commonly named as ANZ, is third largest bank by market capitalization in Australia, after Commonwealth Bank and Westpac Banking Corporation. ANZ was named the most sustainable bank globally in 2008

The ANZ financial literacy framework consists of the following key skills and areas of knowledge.ANZ was established on October 1, 1951, when the Bank of Australiasia merged with Union Bank of Australia Limited.

Standard Literacy can be defined as under.

- Essential mathematical, reading and comprehension skills.

Financial Understanding can be defined as under.

- An understanding of what money is and how it is exchanged and
- An understanding of where money comes from and goes to.

Financial Competence can be defined as under.

- Understanding the main features of basic financial services.
- An awareness of the risks associated with some financial products and an appreciation of the relationship between risk and returns.

Financial Responsibility can be defined as under.

- The ability to make appropriate personal life choices about financial issues.
- Understanding consumer rights and responsibilities
- The ability and confidence to access assistance when things go wrong.

1.6 COMPONENTS OF FINANCIAL LITERACY

Financial Literacy is rapidly being recognized as a core skill, essential for consumer operating in an increasing complex financial landscape. There are three main components to measure financial literacy effectively namely.

- **Financial Knowledge**

A financially literate person will have some basic knowledge of the key financial concepts and the ability to apply numerical skills in financial situations.

- **Financial Behaviour**

Behaviour is an essential element of financial literacy and arguably the most important. Positive outcomes from being financially literate are driven by behaviour such as planning expenditure and building up a financial safety net; conversely, certain behaviours, such as over-using credit, can reduce financial wellbeing

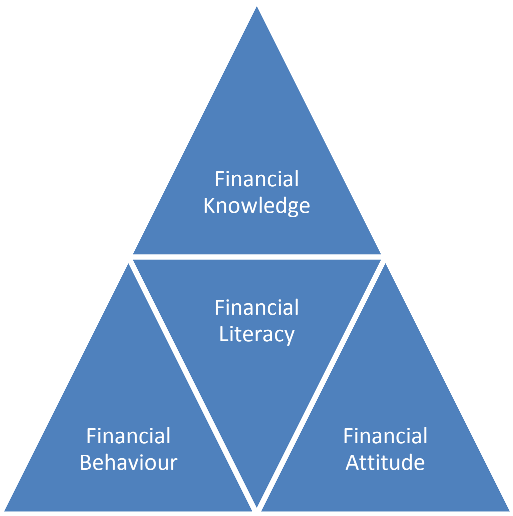
- **Financial Attitude**

Attitudes and preferences are considered to be an important element of financial literacy. If people have a rather negative towards saving for their future, for example, it is argues that they will be less inclined to undertake such behaviour. Similarly, if they prefer to prioritize short term wants over longer term security then they are unlikely to provide themselves with emergency savings or to make long term financial plans.

1.6.1 FINANCIAL KNOWLEDGE, BEHAVIOUR & ATTITUDE: INTER-LINKAGES

It is likely that the different dimensions of the financial literacy could be related to each other. For instance, high financial knowledge could influence both the financial behaviour and attitude. Alternatively, poor financial attitude could lead to less desirable behaviour. These relationships are examined to gain more insights about how the different aspects of financial literacy influence each other.

Below given pyramid diagrams demonstrate the relationship of Financial Knowledge, Financial Behaviour, and Financial Attitude compromising of a term called Financial Literacy.



The above diagram shows the relationship between the financial components of Financial Literacy. As seen above it can be said that the Financial Knowledge of an individual is the basic aspect that each one must possess. Financial knowledge is related to other components. i.e. If an individual possess financial knowledge than only he will be aware of the financial aspects known as financial attitude which may result into financial behaviours. The required financial knowledge of an individual helps him to get positive attitude towards the financial aspects which changes the outcome of the financial behaviour. Lacking of financial knowledge may result into adverse situations.

1.6.2 OBJECTIVES OF FINANCIAL LITERACY

Broadly speaking, the purpose of financial literacy is to be teaching people concepts of money and how to manage it wisely. The aim is to enable individuals to become more informed financial decisions makers, develop awareness of personal financial issues and choices and learn basic skills related to earning, spending, budgeting, saving, borrowing and investing money. Financial literacy can help individuals to set financial goals and optimize their financial options.

Financial literacy can cover a wide range of topics, from managing cash flows, to building assets, to managing risks, to planning ahead for the future. The relevance of topics for any given course will depend on the financial circumstances of needs and individuals or groups involved, their financial landscape, their life cycle stage and other factors related to context in which they live and work.

1.7 FINANCIAL LITERACY CONTROBUTES TO PERSONAL FINANCE MANAGEMENT

The word financial management is not coined only for the business world. It also refers to managing of personal finances. When an individual is financially literate he/she is able to manage his/her finance or funds efficiently. Financial management includes the effective and efficient acquisition, allocation and utilization of finance.

Acquisition of Finance

In general, an individual by earning livelihood acquires finance. Even finance in childhood is acquired in the form of pocket money. Acquisition of finance is done by a number of income vehicles like earning profit from business, salary earned by doing a job, wages earned through labour etc.

Allocation of Finance

Acquisition of finance is not sufficient with regard to future security, for that it is required to allocate finance in different means i.e. savings and investments. Allocation means effectively distribution of the acquired finance in different financial products so that the finance is secure, and further, individuals get return on their investments.

Utilization of Finance

The allocation of finance is done so that finance is available whenever the need of finance arises to meet small or huge expenses. It proves to be a boon in times of adversity.

1.7.1 INTER-LINKAGES BETWEEN SAVINGS, INVESTMENTS & CAPITAL FORMATION

Financial literacy acts as one of the important element in the process of savings to capital formation in long terms.

- **Investment**

An Investment is an asset or item that is purchased with the hope that it will generate income or appreciate in future. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at higher prices.

- **Savings**

Savings refers to the portion of disposable income not spent on consumption of consumer goods but accumulated or invested directly in capital equipment or in buying of home mortgage or indirectly through purchase of securities.

- **Capital Formation**

A term used to describe net capital accumulation during an accounting period. Capital formation refers to net additions of capital stock such as equipment, buildings and other immediate goods. A nation uses capital stock in combination with labour to provide services and produce goods. An increase in this capital stock is known as Capital formation.

Generally, the higher the capital formation of an economy, the faster an economy can grow its aggregate income. Increasing an economy's capital stock also increase its capacity for production, which means an economy can produce more goods and services can lead to an increase in income levels, which in turn, foster the economic development.

The present scenario does not show strong investment in financial products that have high risk bearing with high returns, this leads to hurdles in the process of capital formation. As many individuals simply keep their money at home or invest in gold or at most have savings and fixed deposits. A strong financial market with broad participation is essential for a developed economy. With India's growth story unfolding, there is need to raise resources for companies to fuel the capital needs of the economy and also to ensure that the benefits of growth percolate to the bottom of the socio-economic pyramid. India's household savings, one of the highest in the world at 30% can be channelized through equities, bonds and other instruments to achieve greater financial inclusions and improve the financial markets in India.For the better inter-linkages between savings, investments and capital formations financial Literacy should be encouraged and imparted from the school education itself.

1.7.2 IMPORTANCE OF FINANCIAL LITERACY

Individuals and households must have the tools to cope with increasingly complex world of financial instruments. Understanding the financial world is crucial as people assume more responsibility for their own retirement security because public and private pensions face the pressure that threatens their solvency. So, financial literacy as well as financial education is an important to both the security of individuals and nations. Even with little personal knowledge, individuals can avoid making mistakes by consulting with those who are more knowledgeable, including financial professionals. It is not enough to recognize that financial knowledge is low; we must also understand whether financial literacy matters in decision making. Addressing this question is particularly difficult because financial literacy is not distributed randomly in the population:

"Those who possess high levels of literacy are likely to possess characteristics, such as high talents and ability, or patience, which also are correlated with financial decision making. Moreover, individuals may choose to invest in acquiring financial knowledge; thus, financial literacy itself can be a choice variable. And, it may be that those who have high wealth, rich pensions, or investments in financial markets care more about improving their financial knowledge".

- *NATIONAL BEAUREAU OF ECONOMIC RESEARCH*

Enlightened societies today strive to ensure social cohesion as an integral part of economic progress, Interesting and well-paid jobs are central pillars of social cohesion but so are savings and the building of capital to provide individuals with financial security. Particular factors contributing to the importance of financial literacy include the following:

- The growing complexity and range of financial products available;
- The increased interaction with the financial issues, be they dealing with mobile phones bills or choosing their first superannuation account;
- Changes in demography;
- Consumers having greater responsibility for their own financial decisions on topics such as superannuation and retirement incomes.

Making thoughtful and informed decisions about finances is more important than ever. Several trends are converging that demonstrate the importance of financial literacy:

1. More and more, the burden of making sound financial decisions is coming to rest on the shoulders of consumers. Many companies have shifted their retirement plans from traditional pension plans to those requiring employees to participate in, pay part of the cost for, and make investment decisions about. 401(k) plans are the best example of this.

2. Social Security used to be seen as a major source, if not *the* major source, of retirement income. Now it serves more like a safety net that will provide enough only for survival, not enjoyment.

3. An Individual must have accumulated more funds before retirement to cover living expenses over a longer time. Otherwise, he/she could become a burden for our families.

4. The financial environment seems like it is changing faster. Bull markets, bear markets, rising interest rates, falling interest rates, and the increased number of finance-related articles with conflicting views in the press can make creating and following a financial path difficult.

5. There are more financial options. Hundreds of credit card options, several types of mortgages different types of IRA'S, and the ever-growing number of investment options further complicate financial decision making.

6. There are more choices of financial services companies. Banks, credit unions, brokerage firms, insurance firms, credit card companies, mortgage companies, financial planners, and others are all trying to get your business.

7. The numbers themselves seem to have gotten larger. Costs and wages have generally continued to rise to the point where having an income or retirement nest egg that several years ago would have seemed luxurious, now just seems barely adequate.

According to **OECD**, there are some reasons for why financial literacy is important:

- Individuals are increasingly being asked to take on sole responsibility – and assume the burden of risk – for complex savings tasks which were previously at least shared with governments or employers, such as investing for a pension or for higher education for their children. But how can individual workers or parent be expected to weigh the risks and make responsible choices in an ever more sophisticated financial market? This is true even in countries where consumers generally are familiar with financial instruments such as credit cards, mortgage loans and perhaps private saving to "top up" company pension plans.
- It is all the more difficult in emerging economies whose rapid development has given access to financial services to a large number of consumers, many of whom have only a limited experience with formal financial systems. For emerging economies, financially educated consumers can help ensure that the financial sector

makes an effective contribution to real economic growth and poverty reduction. But financial literacy is also crucial for more developed economies, to help ensure consumers save enough to provide an adequate income in retirement while avoiding high levels of debt that might result in bankruptcy and foreclosures.

- The information available on consumer financial literacy is worrying for two reasons – not only do individuals generally lack an adequate financial background or understanding to navigate today's complex market, but unfortunately they also generally believe that they are far more financially literate than is really the case. This has become a cause for increasing concern for governments for a number of reasons. For one thing, increasing use of credit cards in OECD countries has led to an increase in personal bankruptcies – in 2003, almost one in 10 US households filed for bankruptcy and the number of private bankruptcies in Austria rose by 11%.
- And similar problems are arising in countries where credit is becoming more widespread – Korea has experienced large increases in consumer debt, while in Germany there has been an increase in private insolvencies, at least partly due to increased availability of credit. And for some people in OECD countries, the question of financial literacy is far more basic and boils down to whether they have a bank account. Across the OECD, between 3% and 10% of the population are without a bank account, and are therefore financially isolated in a world where financial transactions – including payment of welfare benefits – are increasingly carried out electronically.

1.7.3 FACTORS AFFECTING FINANCIAL LITERACY

Financial Literacy is a relative concept. It is relative to the complexity of the financial systems and products in a society and individual's needs and circumstances. Somebody who was financially literate 50 years ago may not be considered financially literate today. In the society an Individual requires his/her financial literacy to be constantly improving to cope with the changing financial and social environment. The following factors have an impact on the financial literacy levels required today.

- Greater consumer participation in investment markets due to privatization, demutualization and baby boomers with money to spend;

- Increased expectations on consumers to manage financial matters for retirement (for example: Superannuation, insurance);
- Changes to consumers' working patterns-there is no job for life anymore and therefore consumers have less stability and face different risks;
- Increasing complexity of financial products and services;
- Increased access to credit and expansion of credit sources;
- The impact of technology on financial products and services (for example: increased privacy and security risks for consumers); and
- An increase in the volatility of markets after a long period of investment growth and double figure returns.

1.8 CURRENT SCENARIO OF FINANCIAL LITERACY ACROSS THE WORLD

Evidence from around the world presents the alarming and widespread deficiency in financial literacy. This evidence has lead to the launch of financial literacy programmes in many countries. Largely, these are targeted to raise the understanding about the principles and conventions of savings and money and to enable individuals make optimal financial decisions consistent with their goals. The programmes vary widely in their scope and approach across countries.

- In Japan, a survey found that 71% of respondents lack knowledge about equities and bonds; 57% lack knowledge about financial products in general; and 29% lack knowledge of insurance and pensions.
- A survey in the United States found that four out of ten American workers are not saving for retirement.
- In Australia, a survey found 37% of those with investments can fluctuate in value. In the same survey, 67% of the respondents indicated that they understood the concept of compound interest. Yet, when asked to solve a problem using this concept, only 28% demonstrated a good level of understanding.
- Several studies have attempted to examine the level of financial literacy in India. Most of them report that the level of financial literacy in India is poor. For Instance, the VISA (2012) study ranks India at the 23rd position among the 28

countries surveyed. Their study found that the children and young people have significantly lower levels of literacy compared to adults.

65% Indians lack financial literacy, according to Financial Service giant Visa, recently came up with a survey which declared India as one of the least financial literate countries among 28 countries.

1.9 STEPS TAKEN TO ENHANCE FINANCIAL LITERACY IN INDIA

In India, a variety of steps have been taken by various agencies in order to enhance financial literacy. The following section focuses on them.

1.9.1. RESERVE BANK OF INDIA

The Reserve Bank of India, which is the Central Bank, has been actively participating in the field of eradicating financial Illiteracy in the country. In this context, a project called '*Project* Financial *Literacy'* has already been implemented. This main objective of this project is to disseminate information regarding the Central Bank and general banking concepts to the various target groups including school and college going children, women, rural folk, rural and urban poor, defence personnel and senior citizens. Information is distributed to the target audience through presentations, pamphlets, films, websites etc. For doing this the Reserve Bank of India actively engaged other agencies like commercial banks, government *machinery, NGO's, schools, colleges etc.*

It has launched a financial education site from November 2007 commemorating Children's Day. The site was mainly created to teach the basics of banking, finance and central banking to children in different age groups. The site also has other valuable information for other target groups like women, rural and urban poor, defence personnel and senior citizens. It contains films on security of currency notes and also has a game section. This is to familiarize school children with India's various currency notes. Other than this, the Reserve Bank of India has been conducting essay competition promote financial awareness among school children on topics related to banking and finance. The bank is also actively engaged in conducting exhibitions in different parts of the country. Recently*, the bank launched* *the "RBI Young Scholars' Awards "scheme for the outstanding students in order to generate interest in creating awareness of the banking sector of the country***.** The Reserve Bank has asked the lead banks in each district to draw a road map for ensuring that all villages having a population of more than 2000 will have access to the financial services through a banking outlet and this outlet need not be a banking branch. Secondly, all commercial banks inclusive of public sector banks, private banks and foreign banks should come forward with their specific board approved plans for financial literacy 2010 with an intention to roll out these plans during the next three years. In this context, the Reserve Bank has refrained itself deliberately imposing a uniform model on the banks. The Reserve Bank wants each bank to build its own strategy in line with its business model and comparative advantage. This would ensure better ownership. In this regard the Reserve Bank has consulted the Indian Banks Association. The Reserve Bank is also insisting to include the criteria of financial education in performance evaluation of all bank staff. Moreover, the Reserve Bank's outreach programme for India villages aims at connecting senior staff of the Reserve Bank to the villages in India. Given the state that India has nearly six lakh villages; the Reserve Bank staffs have been able to visit all these villages as a part of imparting financial education. In another development, the Reserve Bank has tied up with the government of Karnataka to include financial literacy in the syllabus for classes 5, 7, 8 and 9. The new revised syllabus has already been implemented from 2010-11.

1.9.2CREDIT COUNSELLING INITIATIVES

Credit counselling is a process in which the consumers are educated about how to avoid incurring debts that cannot be repaid. It normally involves negotiating with creditors to establish a debt management plan for the consumer. In India due to the recent transformations in the retail banking sector, the need for credit among the ordinary consumers' has increased drastically. There has been rapid growth in the areas of consumer loans, housing loans, credit cards, personal loans etc. This had lead to the emergence of credit counselling in the country. In this scenario a few banks working in the public and private sectors have taken initiative in this regard. The 'ABHAY' counselling centre in various parts of the Maharashtra was started by Bank of India. The 'Disha Trust' is another organization initiated by the ICICI Bank and 'Grameen Para marsh Kendra' started by the Bank of Baroda are already in operation. These counselling centres assist people on face to face basis as well as on telephone, e-mail or through letters. Consumers facing problems related to credit cards, personal loans, housing loans approach these centres to get efficient advice to solve their problems. Major features of such centres are that the services are provided free of cost and the centres are manned by retired bank personnel who are experts in this area. Training and awareness camps are organized by such centres to educate people regarding the need to save as well as to familiarize them with the concept of credit cards, impact of minimum charges etc.

1.9.3 OTHER MEASURES

Other than the Reserve Bank and other commercial banks, various NGO's in the country are entrusted with the task of spreading financial literacy in the country. Prominent among them in NGO named 'Sanchayan' which is dedicated exclusively to spreading financial literacy and awareness among the youth and adults who come from low income background. For this, the NGO conducts free workshop on topics ranging from the basics of banking, credit cards and PAN cards. Moreover, they also cover investment decisions in shares and mutual funds. The main objective of these workshops is to enable these youth and adults to become aware and become part of mainstream banking and financial services industry.

The main mission of 'Sanchayan' is to create a financially literate India. The NGO has been launching very useful programmes with this objective. The Financial Literacy and the Counselling programme for urban poor like maids, rickshaw wallahs, auto drivers etc was the first of this kind. The organization has also tied up with the National Stock Exchange for introducing literacy programmes in stock market knowledge. It has also developed the financial literacy program for young adults named 'FUN' in increasing awareness among them. It has also helped many youths to open bank accounts in public sector commercial banks. (Sanchayan annual report 2009-2010).

Another NGO name Citi India (A branch of the Citi group International) has been in the arena of spreading financial awareness among the Indian masses. The group has launched a pilot programme on women empowerment through financial literacy in participation with the SEWA Bank. This program was developed to teach the women how to employ the money they have borrowed and how to use the profits earned by them. The programme aims to advice the women how to invest these funds in insurance or pension schemes. The Citi centre of financial literacy, a key department within the organization, focuses on , imparting trainin programmes for the trainers of financial literacy and for the field workers. Moreover, the group has also partnered with a premier business school in Hyderabad for doing comprehensive research in eradicating financial literacy. The group has also partnered with another NGO 'Meljol' in implementing financial education programmes titled 'Aflatoon' among school children across India.

The Indian school of microfinance for women, started in 2003 for empowering the lives of women, is also undertaking efforts in increasing financial literacy in the country. It has taken initiative to celebrate October 14 as the Financial Literacy Day every day. This institution through its 'Citi' Centre of financial literacy has formed a network of partner organizations named National Alliance for Financial literacy to take up financial literacy as a mass movement across the country. The national financial literacy was launched in 2008 which aimed to reach one million women in year 2009. The event proved to be a grand success. It is also engaged in knowledge sharing network on financial literacy at national level .It is also proposed to set up all co-ordinating centres at the state as well as district levels. Moreover, the group is also organizing financial camps, portals and certified courses on the topic.

CRY is an NGO working for the underprivileged children of India. It partnered with the Citi group to promote economic empowerment in India during 2011.

1.10 IMPORTANCE OF FINANCIAL LITERACY AMONG STUDENT TEACHERS

"The greatest job of the teacher is to cultivate talent until it ripens for the public to reap its bounty".

- Jascha Heifet

The Student teacher at every level of education needs to impart those knowledge and skills that helps the learner to live with a practical approach in real life situations. For imparting the required knowledge and skills, student teachers him/herself needs to be equipped with those knowledge and skills. In this modern era, paved with the number of changes in every walk of life, student teachers need to be financially literate. Financially literate among the student teachers will lead to development and implementation of financial literacy programme for schools, colleges and even for community at large. Savings and investments made by teachers (productive citizens) in different financial products lead to capital formation which in turn will lead to economical development and prosperity, of the society at large.

According to the 2009 National Financial Capability Study, only 30 percent of the population can do a simple 2 percent calculation and has a basic understanding of inflation and risk diversification, concepts that are important in financial decision-making. The second wave of that study is about to be released. It shows no improvement in the level of financial knowledge between 2009 and 2012.

Financial illiteracy is not only widespread, but it is particularly severe among specific groups of the population, including people aged 18 to 25. These youths just out of school and young adults beginning their careers are less financially knowledgeable than the general population. When the focus is on high school students, the findings are even more sobering. Data collected bi-annually by the Jumpstart Coalition for Personal Financial Literacy showed that only 7 percent of high school students can be considered financially literate. These statistics have troubling implications. Studies show that students who are not financially literate are less likely to participate in financial markets or to invest wisely. They are less likely to save and plan for the future. At the same time, they are more likely to rely on high-cost methods of borrowing. This is a serious problem. Remedying it is difficult, but adding financial literacy to the curriculum in schools would be a good start. Academic research points to four reasons why we should launch financial literacy efforts in schools and colleges:

1) The first reason stems from the fact that financial illiteracy is widespread. That means young people with poor financial knowledge are unlikely to learn from their parents, other adults, or peers. Only a small fraction of students currently have access to adults and peers who are financially literate.

2) The second reason to include financial literacy in school and college has to do with equality. A failure to understand financial concepts is especially prevalent among certain demographics in the population. Data from the Jump$tart Coalition and other surveys show that white male students from college-educated families disproportionately account for the small percentage of students who are financially literate. This is a distinction that persists over the life cycle. Women, African Americans, Hispanics, and individuals with low educational opportunities continue to display very poor levels of financial literacy—much lower than their counterparts—at middle age, before retirement, and into retirement.

This finding is strikingly similar and robust across countries. In a study that compares financial literacy in eight countries—Germany, Italy, Japan, the Netherlands, New Zealand, Russia, Sweden, and the United States—Olivia Mitchell from the Wharton School and It was founded that women and those with low levels of education display disproportionately poor financial knowledge. This is the case at all stages of the life cycle, from youth to old age.

3) Another reason to focus on financial literacy in school is that it is a necessary skill for navigating today's complex world. This is so evident that the Organisation for Economic Co-operation and Development (OECD) last year added financial literacy to the topics it evaluates in its Programme for International Student Assessment (PISA). Financial knowledge now joins mathematics, science, and reading in those tests administered to 15-year-olds around the world.

The PISA tests gauge whether students are prepared for future challenges, whether they can analyze, reason and communicate effectively, and whether they have the capacity to continue learning throughout their lives. These assessments are conducted every three years to help us understand if students near the end of compulsory education have acquired the knowledge and skills essential for full participation in society. Given these objectives, financial literacy seems to be an essential addition.

4) The fourth reason why high school is a powerful place to teach financial knowledge is a simple one: Young people need to understand how to make wise financial decisions before—not after—they are faced with life-changing decisions. Most notable among those decisions is whether or not to invest in higher education. Education beyond high school has a tremendous effect on future financial security.

At the same time, whether and how to finance higher education has changed dramatically in recent years. The cost of a college education has increased rapidly in the United States, surpassing the increase in both wages and inflation. This means that young people who pursue degrees often start their careers with substantial amounts of debt.

Other countries, such as the United Kingdom, recently added financial literacy in their schools. Young people—not only in the United States but also around the world—face a new economic environment with more complex financial markets. They will have more individual responsibility in investing in their own education and in planning for their own financial security during their working lives and after retirement. And they will be doing this, among other things, on a global scale.If they are going to do this well, they must be equipped with the right tools and skills. Just as it was not possible to contribute and thrive in an industrialized society without basic literacy—the ability to read and write—so it is not possible to successfully navigate today's world without being financially literate.

1.11 STATEMENT OF THE PROBLEM

A Study of Financial Literacy of Student Teachers of Sardar Patel University

1.12 RATIONALE OF THE STUDY

Teachers are knowledge provider in the society. The behaviour of teacher affects society at large. Teachers are the source of providing knowledge to students wherein they inculcate values regarding behavioural aspects including financial knowledge. It is very essential for teacher to have knowledge regarding financial and economical aspects so that they can help the youth the future of nation to be aware of the economic aspects. The current research aims at creating awareness in the mind of Student teachers. Through this researcher has made an attempt to consciously acknowledge the student teachers about the knowledge of financial concepts. The researcher has identified the importance of Financial Literacy among Student Teachers. In present scenario, everyone needs to understand the importance of financial knowledge for ease in day to day life. So the researcher has selected the current topic. The need of the hour is to boost the level of financial literacy among the productive citizens as well as the young generation to cope up with financial mismanagement and insecurity. Several studies have attempted to examine the level of financial literacy in India. Most of them report that the level of financial literacy in India is poor. For Instance, the VISA (2012) study ranks India at the 23rd position among the 28 countries surveyed. Their study found that the children and young people have significantly lower levels of literacy compared to adults. Financial Literacy is nothing but knowledge about finance. For instance, the financially less literate are found to be associated with high interest rate borrowing, less participation in financial markets and poor retirement planning. The crisis highlights the importance of financial literacy and the need to reinforce core financial literacy concepts such as budgeting and savings, living within ones means, responsible use of credit, diversification and investing only in products that are understood.

1.13 OBJECECTIVES OF THE STUDY

The research was carried out with the following objectives in focus:

1) To study Financial Literacy of student teachers of SPU.
2) To study Financial Literacy of Student Teachers with respect to Gender.
3) To compare financial literacy of student teachers of Grant-in-Aid B.Ed Colleges and Self- Financed B.Ed. Colleges of SPU.

1.14 RESEARCH QUESTIONS

1) What is the Financial Literacy level of Student Teachers of Sardar Patel University?
2) What is the level of financial components possessed by the Student Teachers of Sardar Patel University?
3) What is the Financial Literacy of Student Teachers on the Basis of Gender, Medium of Instruction?
4) What is the Financial Literacy of Student Teachers on the Basis of Nature of college, and the components possessed by them?

1.15 OPERATIONALIZATION OF THE TERM

Financial Literacy: For the present study financial literacy includes only knowledge and attitude of student teachers about utilization of funds.

1.16 DELIMITATION OF THE STUDY

The present study was delimited to knowledge and attitude components of financial literacy of B.Ed. student teachers.

1.17 SCHEME OF CHAPTERIZATION

1. Conceptual Framework

This introductory chapter presents the details of research survey including the objectives, research questions, delimitation of the study. This chapter presents the theoretical background of the study and also discusses the significance of the study.

2. Review of Related Literature

This chapter includes reviews of various studies related to Financial Literacy. Based on review of various documents related to Financial Literacy, review of related literature is presented in this study.

3. Research Methodology

The chapter focuses on the methodology adopted in the present study. It describes in details about the research design with its procedure, tool used in the procedures for data collection.

4. Data Analysis

In this chapter, the collected data has been analysed on the basis of % analysis, and description about the financial literacy & components of financial literacy achieved by Student Teachers of Sardar Patel University have been presented.

5. Findings, Implications and Conclusions

In the last chapter, based on the analysis of the data, findings, implications of the study and conclusion are presented. Few futuristic researches are also suggested by the researcher in this chapter.

CHAPTER-2

REVIEW OF RELATED LITERATURE

2.0 Introduction

Review of related literature plays an important role in any research study. It helps researcher to find out what has been investigated so far and what are the research gaps. It helps the investigator in planning the study properly, formulating the objectives, determining the specific areas, its delimitation, kind of methodology etc. A formality with the literature inn any problem area helps the student to discover what is already known, what others have attempted to find out what methods have been promising or disappointing and what problem remain to be solved. In this chapter an attempt has been made to review studies which provided some insights to the researcher about the financial literacy and education. The researcher has classified reviews into categories for gaining better understanding. The researcher has broadly classified review based on geographical locations.

2.1 STUDIES CONDUCTED IN INDIA

Agarwalla S.K. et.al (2013) conducted a "Financial Literacy among Working Young in Urban India". The objective of study was to investigate the influence of various socio-demographic factors on different dimensions of financial literacy among the working young in urban India was studied. While the influence of several factors such as gender, education and income is similar to what has been reported in other contexts, a few factors specific to India, such as joint-family and consultative decision making process are found to significantly influence financial literacy. The study also investigated the relationship between the dimensions of financial literacy. Adding to the growing empirical understanding of financial literacy across countries, the study provides an analytical basis for enunciating policy for enhancing financial literacy of youth in India. The data was collected through Survey method by adopting the OECD instrument. The major finding of the study was that The Spearman's rank correlation coefficients for the three pairs of dimensions of financial literacy were calculated. The correlation between financial knowledge and financial behavior was positive and highly significant.

This bears out the belief that adequate financial knowledge would lead to responsible financial behavior. The correlation between financial knowledge and financial attitude was not different from zero, indicating that empirically they are two independent dimensions. The significant negative correlation between financial behavior and financial attitude defied easy explanation. It would appear that the professed sensible attitude towards money and finance was accompanied with poor financial behavior on the part of respondents. This indicates possible absence of self-control among respondents. Overall, the level of financial literacy among the working young in urban India is similar to the levels that prevail among comparable groups in other countries. The influence of family income and gender on various dimensions of financial literacy is similar to the influence recorded in other studies. There are however differences that are worthy of note. Despite the education levels of the respondents in the sample being high (large proportion being graduate and post-graduate), that does not translate into adequate financial literacy. This is likely to be due to absence of inputs relevant to financial literacy in the general education process. This can be easily corrected. Given the emphasis on education in India, it should be possible to enhance the financial literacy of youngsters relatively quickly through inclusion of relevant material on financial literacy in the general education program of schools and colleges. The study demonstrates the importance of contextual variables that may influence financial literacy. The influence of joint-family and the consultative financial decision making process that are variables specific to India confirm the importance of contextual variables.

Agarwalla, et.al. (2012) conducted a survey The level of Financial Literacy among the young employees in Coimbatore city. For this Standardized Questionnaire prepared by OECD was used. Descriptive research design was used. Survey method was followed. Data required for the study was obtained from both primary and secondary sources. Instrument Development and validation. The findings suggested that high financial knowledge is not widespread among Indians. Less than one-forth rank among the highly knowledgeable by the OECD approach. The financial knowledge among Indians appears to be low by global standards. The basic principles of money and household finance, such as compound interest, impact of inflation on rates of return and prices and the role of diversification of risk are not well understood. Men were found to be financially more knowledgeable than women. The financial attitude of women was marginally better compared to men. Education and urban background have no influence on the financial attitude. Awareness of financial products is generally low. Most employed and retired borrow less and depends on their savings. Positive behavior among Indians appears to be associated with higher financial knowledge. There is positive financial attitude among Indians.

Agarwalla, S.K., et.al SJ, J. (2012) Conducted "*A Survey on Financial Literacy among Students, Young Employees and the Retired in India"***.** The study adopted the questionnaire developed by the Organization for Economic Cooperation and Development (OECD) to facilitate international benchmarking financial literacy score is obtained by adding the scores of the three different dimensions – financial knowledge, financial attitude, and financial behavior.The average financial literacy score of the respondents was about 13.7 for both the .In the OECD survey, the findings of the study was that the average financial literacy level of Indians is not exceedingly poor. However, it is alarming to note that only about 39% of the employed respondents have financial literacy scores above the OECD average. Similar figure for the retired is about 56%. This seems to suggest that for the majority of the young employed and for a large number of the retired Indians the financial literacy level is not very high. The survey found that high financial knowledge was not widespread among Indians. Less than quarters among the surveyed get ranked among the highly knowledgeable, based on the OECD approach. There is lack of understanding among Indians about the basic principles of money and household finance, such as compound interest, impact of inflation on rates of return and prices, and the role of diversification in investments. While more men are found to be knowledgeable than women, the gap is not high compared to the rest of the world. More of the respondents of rural origin score low on financial knowledge. Financial knowledge is more widespread among the more educated and the relatively wealthy. Most Indians appear to have positive financial behaviour, which reflects discipline, planning, and thrift while dealing with personal and household financial matters. Saving behavior appears to be widespread among Indians. On financial behavior Indians score very high compared to the rest of the world. The financial behavior appears to be associated positively with financial knowledge. The attitude towards saving and consumption also appears desirable among the Indians. Generally, more women exhibit positive attitude than men. The spread of positive attitude among Indians in dealing with money is comparable to some of the countries surveyed by the OECD. This positive attitude is despite the relatively low financial knowledge among Indians. This suggests that for the majority of Indians, the widely documented behavioral bias the lack of self-control may not in itself significantly upset the attainment of their financial goals. However, some caution is required in interpreting these results as self-reported behavior is likely to be positively biased. On the measure of financial literacy; obtained by combining, financial knowledge, behaviour and attitude; the average score of Indians is very similar to the average score of the 13 countries surveyed by the OECD. However, the financial literacy is not widespread as a large number of them would be classified as financially less literate by the OECD average. The survey results tend to suggest that while most Indians do not score high in their understanding of the principles underlying most financial products available, they are disciplined and cautious in their personal and household financial dealings. However, financial discipline may not be adequate in itself, when individuals and households have to deal with a complex and volatile economy and financial markets to secure their financial well-being, where understanding could be a decisive factor.

Samudara,A. and Bhurgate,M.A.(2012) conducted *A Study on Investment Behavior of Middle Class Households in Nagpur.* The research was conducted to answer questions on the preference of Investments, Instruments & Investment pattern of Middle class households. As middle class in India has gained attention of Policy makers, Economists, Marketers as still there remains the untapped potential in this Income class of India. This study is directed towards finding difference in choice of Investment avenue in different age-groups and & income classes of middle income class segment in Nagpur. The data was collected from 300 households which were selected from 3 slabs as per *NCAER (National Council of Applied Economic Research*)**.** The sample was further divided on the basis of age which further helped in-depth analysis of Investment preference of the sample. The findings of the study Revealed that Savings would not be available to the nation for long period of time and cannot be put to use in mobilization of projects which have long gestation period.The investors look for high returns and liquidity rather than low risk and tax advantage of the instrument. Tax concessions on Investments by Government are less attractive than tax objectives. There is a need to explain to middle class households that the financial needs and objectives differ at different ages regarding the needs and objectives. Younger age group has more exposure to assets rather than older age group. Government should design policies to make people invest in various investments rather than stashing cash at home.

2.2 STUDIES UNDERTAKEN IN ABROAD

Harris Interactive Inc. Public Relations Research (2012) conducted a survey with the objective to study financial literacy of consumers. It had employed telephone interviews for the purpose of collecting data. Some of the key findings were as revealed below. More than half do not have a budget. More than 77 million Americans do not pay all of their bills on time. The proportion of saving has decreased .Americans continue to learn about personal finance primarily from their parents or at home.

Johan, e.t. al (2012) Conducted study on "Gender, Stock Market Participation and Financial Literacy"**.** Women typically participate less than men in the stock market, while also scoring lower on financial literacy. The study explored the link between the gender gap in stock market participation and financial literacy. Using survey data on a random sample of 1,300 individuals that is representative of the Swedish population, they showed that controlling for basic financial literacy, essentially a measure of numeracy that does not require knowledge about the stock market, may explain a large part of the gender gap in stock market participation. The findings revealed that, that women report being less risk taking than men. The gender gap in risk attitudes remains significant a when controlling for financial literacy .When it came to risk attitudes; the gender gap remained significant when controlling for financial literacy. The survey also contained questions on investor knowledge of financial markets and investments, basically measuring advanced financial literacy. Controlling for investor knowledge, the impact of gender on risk taking is significantly weakened. It is founded that the gender gap in stock market participation, however, disappears once control for investment knowledge, risk attitudes and education are included, and actually flips in direction and is significant once income and wealth variables are included in the analysis. A limitation of these frameworks is that investor sophistication or knowledge is highly likely to be endogenous with regard to stock market experience, compared to basic financial literacy measures such as numeracy. It was established that men and women differ with regard to economic outcomes and also with regard to financial literacy. Improving their understanding of links between financial literacy and economic decision making is thus also important for understanding the observed gender differences in economic outcomes.

Harris Interactive Inc. Public Relations Research.(2011) conducted a study with the objective to study the financial literacy of consumers. The survey was conducted by telephone interviews within United States among, 1,010 adults. They key findings of the study were revealed as shown : More than half of adults do not have a budget. Most of the U.S. adults have not reviewed their credit score (63%) or credit report (65%) in past 12 months.U.S. adults are now more likely to save for retirement than they did in 2009. More than 1 in 5 U.S. adults do not have a good idea of how much they spend on housing, food, entertainment.

Lusardi and Mitchell .(2011) aimed to measure financial knowledge across eight countries to have deeper understanding of the causes and consequences of financial illiteracy. The study concluded that financial literacy is very low around the world, irrespective of the level of financial market development and the type of pension provided. Low level of financial knowledge in older populations also suggests that these groups may be particularly vulnerable. Financial literacy should not be taken for granted, even in countries with very developed financial markets. Financial literacy is an important predictor of retirement planning. Even at the highest level of schooling, financial literacy tends to be low. The study suggested that to be effective, financial education programmes can best help people to make good financial decisions. The 2011 study largely repeated the measures taken in the previous surveys and time series date were used. Data collection was done by telephone interview. The target population for the surveys was all Australians aged 18 years or above who were accessible by fixed-line telephone. Major findings of the study are revealed below: Financial knowledge was strongly associated with choosing financial products. A view that financial dealings are stressful was associated with low scores on financial control and to a lesser extent keeping a track of finances, choosing financial products and staying informed. Use of Debit Visa or Master Card was higher amongst younger people than it was amongst older people. Young people were the most likely to have obtained financial advice from friends or family members. Other investments including debentures, bonds, notes or derivatives were made by 3% of respondents not significantly different from the 4% recorded in 2008.Twenty one percent of respondents aged 55 year or more said that they had a retirement income stream product. The implications made by the study are as given. The use of the same financial knowledge questions across eight countries provides researchers with a deeper understanding of the causes and consequences of financial illiteracy. The finding of poor financial literacy across all countries means financial knowledge should not be taken for granted, not even in countries with well-developed markets. Moreover, particular groups—notably the young, the old, women, those not working and those with low education levels—must manage with very weak levels of financial literacy, a pattern that is consistent across borders. The financial security of these groups may be at risk, since a strong link had been found between financial literacy and retirement planning. In turn, retirement planning is a good predictor of retirement wealth and security. Programs that target the financial literacy gaps of population subgroups were more likely to be effective. Second, knowledge about risk and risk diversification must be improved. Across countries, knowledge of risk diversification is very low but it is a key element for retirement planning. This finding, combined with the importance of numeracy for retirement planning, suggests that it is important to foster financial education in school. To conclude, financial literacy is an essential skill for financial decision-making and wellbeing over the life cycle.

National Report Card on Youth Financial Literacy. (2011) was conducted by **BSSC (British Columbia Securities Commission)** The study was conducted by Innovative Research Group Inc. through an online survey among a representative sample of 3,006 Canadian high school graduates, 17 to 20 years of age. The interviews were conducted between September 7th and September 26th 2011 in both French and English. The findings made on this study revealed that the Respondents had lofty expectations for their future. Respondents report expected earnings in 10 years to be roughly three times the national average. A majority believed that it's likely that they will purchase a home in the next 10 years, and most believe they'll be financially better off than their parents. The results of this study showed that students who took both comprehensive financial literacy courses and had good experiences with them perform better when it comes to positive financial attitudes, behaviour and knowledge.

The Brondesbury Group, Toronto.(2011) Conducted a study Benchmarking Investor Knowledge. The investor knowledge survey was a set of 23 questions that focused on concepts with long-term importance and generally accepted relevance to the building of educated financial consumers. The selection of concepts for the survey was based on a detailed review of issues addressed in other jurisdictions, as well as a review of educational efforts on selected websites. The survey was administered to a random sample of 1,000 Ontarians in October 2010. Overall results are accurate to +3% some 19 out of 20 times .The findings of study are as revealed that Investor's knowledge was not sufficiently strong. The average score on questions was 11.5 correct out of 23 questions (50%). Knowledge was tied to personal involvement. Every question was answered correctly more often by people who were putting away money for retirement now than by those who were not. Application lacks knowledge. Even when people understand a financial or economic principle in theory, applying the principle to a real situation was difficult for them. In addition to risk-return, it was found that in the context of choosing a mortgage, people were not able to apply their knowledge that borrowing for a longer time means you will pay more interest overall. Knowledge of financial planning and setting goals was low in every age group. Unlike information about investments, people were unaware of what they don't know about financial planning. Knowledge of investment risks was medium overall, but it tended to be lower when long-term planning was involved. Knowledge of investment risks and returns was especially low in the prime investing group aged 50-64. At later ages, knowledge was also weak. Seniors, in particular, need to understand which investments were inconsistent with a capital preservation and income production strategy .Most people knew signs of fraud… but not everyone. Even though 9 out of 10 people knew the basic signs of a potential fraud, there was still a group at risk.

Behrman J.R., et. Al. (September, 2010) conducted a study on Financial Literacy, Schooling, and Wealth Accumulation. The study conducted an instrumental variable approach to identify the impact of financial literacy and schooling on wealth accumulation and pension contribution patterns. The findings of study is revealed below :Prior studies have linked financial literacy and schooling with positive financial outcomes, but they usually do not control for unobserved factors that might shape financial literacy and schooling, as well as wealth outcomes, nor do they control for possible measurement error in financial literacy and schooling Results for a nationally-representative sample of adults indicate that financial literacy and schooling attainment are both positively and significantly correlated with wealth, pension contributions, and retirement planning using OLS, while the IV estimates uncover an even stronger positive impact of financial literacy. The impacts of financial literacy were economically meaningful and potentially quite important. Indeed, they are substantial enough to imply that investments in financial literacy could well have high payoffs. Households that build up more net wealth, particularly via the pension system, may be better able to smooth consumption in retirement and thus enhance risk sharing and wellbeing in old age. Financial literacy enhances peoples' likelihood of contributing to their pension saving suggests that this is a valuable pathway by which improved financial literacy can build household net wealth. The central finding of this study was that individuals, firms, and governments can enhance household wealth and wellbeing by investing in financial literacy.

Mitchell, e.t.al.(2010) conducted a study on *Financial Literacy among the Young: Evidence and Implications for Consumer Policy* The study examined financial literacy among the young using the questions newly added to the National Longitudinal Survey of Youth fielded in 2007-2008. This rich dataset was used to study the relationship between financial literacy and respondents' sociodemographic characteristics, family characteristics, and peer characteristics. The findings of results are revealed as mentioned that Financial literacy was severely lacking among young adults; only 27% knew about inflation and risk diversification and could do simple interest rate calculations. Moreover, women proved to be the least financially literate. Financial literacy was strongly related to sociodemographic characteristics and family financial sophistication. Specifically, a college-educated male whose parents had stocks and retirement savings was about 45 percentage points more likely to know about risk diversification than a female with less than a high school education whose parents were not wealthy. These findings had implications for consumer policy. Cognitive ability was a strong predictor of financial literacy; those with higher cognitive ability, as measured by in high school, were more likely to display higher financial knowledge as young adults. This study also illuminated the importance of parental influences on young people's acquisition of financial knowledge. Involving parents in a financial education program could be more effective than only involving young adults.

Agrawal, et.al.(2007) Conducted study on "THE AGE OF REASON: FINANCIAL DECISIONS OVER THE LIFECYCLE" that financial mistakes are prevalent among the young and elderly, who are those displaying the lowers amount of financial knowledge. The Study discussed the three forms of prices paid: higher APRs (Annual Percentage Rates, i.e., interest rates); higher fee payments; and suboptimal use of balance transfer offers. For each application, we conduct a regression analysis that identifies age effects and controls for observable factors that might explain patterns of fee payments or APRs by age. The findings of study revealed, That younger adults and older adults borrow at higher interest rates and pay more fees than middle-aged adults controlling for all observable characteristics, including measures of risk. Fee and interest payments are at their minimums for borrowers in their early 50s.They believed that their findings were driven by three complementary factors: age-related cognitive effects, selection effects, and cohort effects. They were unable to disentangle the contributions of each of these factors. Whatever the mechanisms, there is a robust relationship between age and financial sophistication in cross-sectional data, after controlling for available consumer characteristics. Future research should untangle the different forces that give rise to these effects. Measuring age-related cognitive effects will be particularly important because cognitive decline over the lifecycle has significant implications for the financial decisions that older adults are now routinely expected to make.

J.R. et. Al. (2007) conducted the study on LITERACY, TRUST AND 401(K) SAVINGS BEHAVIOR .Over the past fifteen years, a substantial body of 401(k) savings research has posited a number of reasons why employees participate or fail to participate in voluntary 401(k) arrangements. These include neoclassical explanations, such as employee budget constraints, employer matching contributions, or employee-own preferences for tax deferred savings, as well as behavioral explanations; including procrastination, peer effects, or choice overload. Higher financial literacy among workers is associated with higher voluntary 401(k) participation rates or lower quit-rates in automatic enrollment plans. Indeed, the marginal effects of low financial literacy appear to be economically more meaningful than the effects of higher income. Meanwhile, trust appears to be very important in influencing savings behavior in automatic enrollment plans, with participants more likely to opt out if they lack a fundamental trust of financial 3 institutions. Telephone survey was administered to a random subset of the employees through the market research firm Greenwald Associates. The findings of study revealed that: It underscored the importance of ongoing financial literacy efforts in the workplace, whether for participants in voluntary or automatic enrollment plans. It also pointed to the central question of trust and its role in influencing quit rates in automatic enrollment plans.The results supported both rational information gap theory — that some participants are impeded by a lack of adequate financial information — and a behavioral bias theory — that others may be influenced by the psychological level of trust they have in institutions. In addition, nonparticipants in both plans do not appear confident that Social Security will adequately provide for them when they are old. This attitude contradicted a purely rational-agents theory that employees choose not to save in their 401(k) plan because of anticipated support from Social Security. Increased employee education appears to enhance voluntary 401(k) saving, and it reduces quit rates in automatic enrollment plans. It also suggested that trust plays a crucial role in influencing quit rates in automatic enrollment plans, and that employers confronting high quit rates in automatic enrollment plans may wish to consider efforts not only to improve financial literacy but to reduce employee mistrust of financial institutions, particularly among the lowest paid.

Princeton survey research Associates International (PSRAI). (2007) conducted a study with the purpose to establish a benchmark survey that indentified what Americans known about their finances and how receptive they are to professional financial advice and education. PSRAI conducted telephone interviews in English and Spanish with 1,003 members of the general public for collecting data. Some of the major findings of this study are as enumerated below. Only a minority keep close track of expenses. Most of them get financial education at home rather than at school. Younger Americans, Blacks, Latinos and Southerners are most interested in financial education and advice. Not even 50% check their credit history. More than 1/3rd received professional advice. Sizeable minority pay less than full amount on credit cards every month.

Mandell, L. and Klein, L. (2007) conducted a survey with the objective to evaluate financial literacy in the following four areas :

1. Income
2. Money Management
3. Spending and credit
4. Savings and Investments

This study examined the hypothesis that low financial literacy scores among young adults, even after they have taken a course in personal finance, is related to lack of motivation to learn or retain those skills. They found that the motivational variables significantly increase our ability to explain differences in financial literacy. Four high schools, students' motivation is a key factor to become financially literate. High school classes in personal finance or money management do not lend to increase the financial literacy of students who take them.

Rooiji,e.t.al.(2007) conducted a study to better understand the relationship between financial literacy and stock market participation. Survey participants were Dutch households who were interviewed via the internet. The age of the respondent varied from 22 to 90. The questions measured economic knowledge before entering the stock market. The study revealed that: Those who have low financial literacy are significantly less likely to invest in stocks. Financial literacy should not be taken for granted. A majority of households possesses limited financial literacy. Second, financial literacy differs substantially depending on education, age and gender. This suggested that financial education programs are likely to be more effective when targeted to specific groups of the population. Finally, any privatization programs that are taken into account, when put in charge of investing for their retirement, financially unsophisticated individuals may not invest in the stock market. Thus, to work effectively, privatization programs need to be accompanied by well-designed financial education programs. The role of financial literacy should not be under-estimated. As more workers transition to a system where they have to decide how much to save for retirement and how to invest their retirement wealth, it is important to consider ways to enhance their level of financial knowledge or to guide them in their financial decisions.

Stango and Zinman.(2007) conducted a study named "S Fuzzy Math and Red Ink: *When the Opportunity Cost of Consumption is Not What it Seems"* .The theory generated specific testable predictions on how the tendency to underestimate borrowing costs and returns to saving will affect saving decisions, portfolio choices, and wealth accumulation. Showed that those who are not able to correctly calculate interest rates out of a stream of payments end up borrowing more and accumulating lower amount of wealth.

Lusardi and Mitchell. (2006) devised a module on financial literacy for the 2004 US Health and Retirement Study (HRS).The module aimed to explore the hypothesis that poor planning may be a primary result of financial illiteracy. Their questions aimed to test basic financial knowledge related to the working of interest compounding, the effects of inflation risk diversification. In order to do this, the module measured how workers make their saving decisions, how they collect the information for making their decisions, and whether they possess the financial literacy needed to make these decisions. A total of 1,269 adults aged 50 years responded to the module. Observations made during study was : That there is a strong relationship between financial knowledge and planning in that those with financial knowledge were more likely to plan and to succeed in their planning. The findings of study revealed that financial literacy is widespread and particularly acute among specific groups of populations such as women, the elderly and those with low education. In additions less than 20% of respondents believed that they engaged in successful retirement planning. These results highlighted the increasing concern regarding citizens becoming more and more responsible for securing their own retirement incomes and showed that financial literacy plays an important role in successful retirement planning.

Chen and Volpe. (2005) asserted the importance of personal finance literacy in workplace results because of the national debate about social security reform, with the president's cell to allow workers to invest it stock and bond funds in their private accounts representing a fundamental change in the social security system. They argued that for employees to be 'better-off' they must be financially knowledgeable in other to make informed investment decisions and take advantage of investment opportunities.

The CBF Study. (2004) conducted survey on financial literacy investigate the strength of any link between financial literacy and outcomes or individuals and the Australian economy. This was achieved in three phases : a national survey of 5,000 Australians, and investigation of the microeconomic effects of improving financial literacy. The results of the study showed that the unemployed had poor financial literacy skills. Also among this group were young people, males, students, people with lower levels of education, people with lower income and people who have never worked in paid employment, Participants with these demographics characteristics made up the 10 percent of respondents with lowest financial literacy scores. Results of the study also showed that people in older age groups displayed lower financial literacy, suggesting that financial literacy is not merely a function of age or experience. The results also indicated that the higher an individual's financial literacy, the lower the probability that they were unemployed. The observations of study are as: The lower financial literacy was found to have an impact on an individual's health including a higher incidence of persistent sleeplessness and a higher desire to smoke. In terms of debt management, lower financial literacy scores were significantly related to respondents being unable to pay their mobile phone, utility and credit card bills. The survey also revealed that 85% of respondents primarily learn about managing their finances through 'Trial and Error' expenses. The second phase of study revealed that improvement in financial literacy "can result in life style gain for individuals of all ages, across the whole community." For those respondents with the lowest levels of financial literacy, the expected probability of unemployment was 14.3 percent, compared to

1.7 percent for those with the highest levels of financial literacy, Further, there was evidence that a modest improvement of the financial literacy of the 10 percent of the respondents with the lowest financial literacy scores would result in those people having an average increasing in annual income of $ 3,204.The third phase of the study revealed that an improvement in financial literacy has the potential to create more than 16000 new jobs boosting Australian economy by $6 billion per annum. Other anticipated macroeconomics effects include strengthening national savings, increase in public and private consumption and creating more successful small businesses.

Hilgert, Hogarth, and Beverly. (2003) Conduced study to explore the connection between financial knowledge and behaviors. A financial practice index was calculated for each of the four financial management activities: Cash flow management; Credit management; saving and investment. Each index comprised three categories , low, medium and high, and survey respondents were placed into these categories based on their participation in each activity. In addition, a financial knowledge score was calculated across five sections: credit management; saving; investment; mortgages and others. The average financial knowledge score was then examined by the financial practice index and index level. Differences were revealed between financial practice indexes and financial knowledge scores, The findings of study was that: There is a relationship between behavior (as measured by the index) and knowledge (As measured by score). In general, medium to high index levels were associated with higher scores across most sections of knowledge.

Moore .(2003) conducted a telephone survey on a total of 1,423 adults. In addition to the survey, 31 participants from the victim pool were randomly chosen to take part in the four focus group sessions. These participants had actually filed complaints with DFI (or the Office of Attorney General) regarding their recent mortgage transactions and these sessions were formed to allow a more in-depth understanding of these individuals' mortgage experiences as well as to support the survey findings.It was recognized that financial literacy was a concern amongst Washington State residents and the purpose of the study was to provide DFI with the information needed for them to develop an effective financial literacy program to educate, inform and assist consumers in making financial decisions. Although the results indicated that consumers would benefit from such a program, especially those in the victim pool, the major challenge identified was to motivate participation.

AdFlag . (2002) The Adult Financial Literacy Advisory Group (AdFLAG) undertook a study to determine "how to promote better access to financial education to young people and adults" by collating relevant research, investigating areas of good practice, consulting with a variety of organizations across the public, private and voluntary sectors, and visiting organizations active in providing financial education programmes to socially excluded people. The findings of the study was thatIt was observed that the need for financial literacy would continue to grow because individuals were expected to become more self-reliant. Added to this were the difficulties arising from changing work patterns, an ageing population, less government involvement and increasingly complex financial products. AdFLAG recommended that short term financial literacy education should be build around education, employment, housing, financial services and communication, with particular focus on needy population sectors such as older people, young people, sole parents, ethnic minorities, people with disabilities and people in social housing.

Beal and Delpachitra. (2002) conducted the first Australian financial literacy survey on a sample of first year student from the University of Southern Queensland across five faculties and tested five main skills area; basic concepts, markets and instruments of financial markets, planning, analysis and decision making and insurance. The major analytical method was logical regression modeling with a total of ten independent variables collected from survey questions. A dichotomous dependent variable was defined by classifying respondents into two groups, high achievers and low achievers. The findings of the study revealed that: Analysis of the full model showed that students with higher financial literacy scores were more likely to be made, have grater work experience, have a higher income and have a lower aggregate risk preference. While the study showed that students with higher general finance knowledge and skills were more likely to be studying business, be male, work in a more highly skilled occupation and have more work experience. The study concluded that university students were neither skilled, nor knowledgeable in financial matters and that this would impact negatively on their future live though incompetent financial management.

Chen, H. and Volpe, R. (2002) aimed to determine participants' personal finance knowledge in the area of general knowledge of personal finance, savings and borrowings, insurance and investments. The survey was conducted through a questionnaire among the college students. Major findings revealed that :On average women know less about personal finance than do men. Many of the participants do not learn about financial knowledge through formal education, but though informal channels. Participants' Financial literacy is related to education and experience – related factors.Business majors perform better in the survey because they have many opportunities to learn elements of personal finance.

Constantinides G.M., J.B and Mehra R .(2002) Conducted a study JUNIOR CAN'T BORROW: A NEW PERSPECTIVE ON THE EQUITY PREMIUM PUZZLE .The question was as to why the historical equity premium is so high and the real rate of interest is so low was addressed in Mehra and Prescott [1985]. The novelty of this study lied in incorporating a life-cycle feature to study asset pricing. The idea is appealingly simple. The attractiveness of equity as an asset depends on the correlation between consumption and equity income. If equity pays off in states of high marginal utility of consumption, it will command a higher price, (and consequently a lower rate of return), than if its payoff is in states where marginal utility is low. Key insight of paper was that as the correlation of equity income with consumption changes over the life cycle of an individual, so does the attractiveness of equity as an asset. Consumption can be decomposed into the sum of wages and equity income. A young person looking forward in his life has uncertain future wage and equity income; furthermore, the correlation of equity income with consumption will not be particularly high, as long as stock and wage income are not highly correlated. The same asset(equity) have a very different characteristic for the middle aged. Their wage uncertainty has largely been resolved. Their future retirement wage income is either zero or deterministic and the innovations (fluctuations) in their consumption occur from fluctuations in equity income. At this stage of the life cycle, equity income is highly correlated with consumption. The characteristics of equity as an asset therefore change, depending on who the predominant holder of the equity is. Life cycle considerations thus become crucial for asset pricing. If equity is a “desirable” asset for the marginal investor in the economy, then the observed equity premium will be low, relative to an economy where the marginal investor finds it unattractive to hold equity. It was argued that the young, who should be holding equity in an economy without frictions and with complete contracting, are effectively shut out of this market because of borrowing constraints. They were characterized by low wages; ideally, they would like to smooth lifetime consumption by borrowing against future wage income (consuming a part of the loan and investing the rest in higher return equity). However, as is well recognized, they are prevented from doing so because human capital alone does not collateralize major loans in modern economies for reasons of moral hazard and adverse selection.

It was found that in all cases the imposition of the borrowing constraint reduces the risk free rate and increases the risk premium, in some cases quite significantly. However, the standard deviation of the security returns remains too low relative to the data. For example, if there is made increase in the number of generations from three to sixty, representing consumers of ages twenty to eighty in annual increments. In such a model, it is expected that the youngest consumers are borrowing-constrained for a number of years and invest neither in equity nor in bonds; thereafter they invest in a portfolio of equity and bonds, with the proportion of equity in their portfolio decreasing, as they grow older and the attractiveness of equity diminishes. It is 29 possible to increase the endowment of young consumers to reflect inter-generational transfers, and make the endowment of the young random and different across consumers. These changes will have pricing implications to the extent that the young investors who are currently infra marginal in the equity and bond markets become margin. It is possible to introduce heterogeneity of consumers within a generation.

Chen, H. and Volpe, R. (2002) aimed to determine participants’ personal finance knowledge in the area of general knowledge of personal finance, savings and borrowings, insurance and investments. The survey was conducted through a questionnaire among the college students. Major findings revealed that : On average women know less about personal finance than do men. Many of the participants do not learn about financial knowledge through formal education, but though informal channels. Participants' Financial literacy is related to education and experience – related factors .Business majors perform better in the survey because they have many opportunities to learn elements of personal finance.

Chen, and Volpe. (1998) conducted a survey including 924 college students from 13 colleges and found that personal finance skills and knowledge are inadequate, with the overall mean percentage of correct scores being just 52.9%. The survey attempted to examine the personal financial literacy of US college students across four main areas: general knowledge, savings and borrowing, insurance and investments. The study also attempted to examine the relationship between literacy and the students' character and the impact of literacy on students' opinions and decisions. They used analysis of variance (ANOVA) technique to show the levels of financial literacy among the subgroups of students. In addition, logistic models were used to examine the financial literacy levels of students across different demographic characteristics.

The findings of the study revealed that the most poorly answered questions were those involving investments, while the best answered questions were those on general knowledge. The demographic variables that were used in the analysis were academic discipline (business or other), class rank, gender, race, nationality, years of work experience, age and income. It was found that those students with a non business major and who were female had little work experience have lower levels of knowledge. Those students with less knowledge were more likely to hold wrong opinions and make incorrect decisions.

B. D, DM and Maki. (1997) Conducted the study *"The Impact of Financial Education in High School and College On Financial Literacy and Subsequent Financial Decision"*. The objective of the study was to determine whether the curricula arising from high school financial mandates have any discernable affect on adult financial decision making. It included the adequacy of savings, appropriate management of credit, and prudent portfolio allocation. The survey method was use. The findings of the study revealed that the Mandates significantly increased the exposure to financial education, and ultimately elevates the rate at which individual saves and accumulates wealth during their lives. These results contributed to growing body of evidence that education is the powerful tool for stimulating personal savings.

Lusardi, A. & Mitchell, O.S. (1995) conducted a research on HOW ORDINARY CONSUMERS MAKE COMPLEX ECONOMIC DECISIONS: FINANCIAL LITERACY AND RETIREMENT READINESS? The financial literacy was studied by using data from the Rand American Life Panel (ALP). This is an Internet based survey of respondents' age 18+ recruited by the University of Michigan's Survey Research Center. Using the internet to collect data is desirable in that it permits respondents to read questions on the screen and reflect upon them before responding. Moreover, this approach to data collection permitted the researcher to alter how questions are framed so as to assess whether and how people understand the questions posed. The ALP survey collected numerous socioeconomic variables (age, sex, marital status, race/ethnicity, and income). Examined the questions of who was financially literate, whether people accurately perceive their own economic decision-making skills, and where these skills come from. To this end, a new set of questions were designed and formulated on both financial literacy and retirement planning for respondents to the American Life Panel (ALP), where it enabled to measure financial literacy in a more sophisticated manner than heretofore feasible. The findings of study revealed that: Financial literacy was the key determinant of retirement planning. It was found that respondent financial literacy was higher when consumers had been exposed to economics in school and in employer-sponsored programmers. There were more financially literate adults to be more likely to plan for retirement complements work by other analysts seeking to link financial sophistication and decision-making. It was cognized of the fact that promoting financial literacy is a difficult and likely costly task, and more research is required to determine when and how to most efficiently invest in consumer financial literacy. It was made clear that it is necessary to enhance financial knowledge if consumers are to do a better job navigating the complexities of the modern financial environment. Very young adults receive multiple credit cards, they may take out loans, and they can readily purchase assets ranging from mutual funds to stocks and tax-favored plans such as IRAs and 401(k)s. However, their work showed that young adults are not well equipped to make financial decisions (Lusardi, Mitchell and Curto, 2008). Saving for retirement is becoming more challenging but also more critical for younger consumers, requiring ever-greater levels of financial sophistication.

Bernhiem. (1995) conducted a study of financial Literacy: How it works? How could it be more effective? The study was to point out not only that most households cannot perform very simple calculations and lack basic Financial Knowledge, but also that the saving behavior of many households is dominated by crude rules of thumb. This research was conducted among students at the University Of Southern Queensland (USQ) in Toowoomba, Queensland, during the first semester of 2002. The key findings of this study are as follow: The research had found that financial literacy is not high and this, no doubt, stems from the lack of financial-skills education in high schools. Of the five identified areas of financial skill or knowledge, decision-making skills and knowledge of insurance appeared to be the least well developed. The weighted average score for decision making skills was 47% and for knowledge of insurance was 46%. Respondents scored reasonably well for basic concepts, but the questions were simple. The most difficult question tested basic knowledge of compound interest (with no calculation involved) which only 52.9% of respondents answered correctly. Similarly, the planning questions tested low-level skills and knowledge, but only 27.9% of respondents appeared to understand the method for effecting a bank reconciliation. Financial literacy improved with work experience and income. This suggested that people learned financial skills through trial and error, to some degree. Additionally, financial experience tends to impact on tolerance to risk. Thus, those people indicating higher tolerance to risk (less risk averse) are probably those with more exposure to the financial markets and more experience in financial management and investment. Students undertaking business studies, even they were in their first year at university, scored better. This result was probably due to a higher inherent interest in financial matters, a greater level of directed reading and more attentive listening to financial reports on the media. In concert with the findings of Chen and Volpe (1998) in the USA, university students in Australia are not skilled, nor knowledgeable, in financial matters.

2.3 Other Related Studies

Kansara.(2006) conducted a study of perception of students and teachers of higher secondary commerce stream towards vocational guidance. The five point perception scale for teachers and students and interview schedule for teachers was employed for the purpose of collecting data. Some of the major findings were as listed below. As per 80% of teachers, vocational guidance will develop independent decision making power among the students, as it is one of the most important skills to be possessed by the commerce students.50 teachers were having misconception about vocational guidance. The study is likely to make higher secondary teachers aware about the need of vocational guidance in the life of the students of higher secondary. It is expected to make teachers aware about the effective of providing vocational guidance to the students.

Vijayan. (2006) aimed to evaluate standard 11 commerce textbook prescribed by Gujarat State Textbook Board in the year 2004 with the purpose to evaluate both physical and academic aspects of the same textbook and also to study opinion of teachers and student regarding the suitability of the same textbook in terms of physical and academic aspects. It was an evaluation research. Content analysis was done and the questionnaire was employed for collecting opinion teachers and students about the textbook. Major findings were as listed as, Style of binding needs improvement. Cover page of the textbook is appropriate to some extent only. Activities are not covered in the textbook. According to all teachers activities must be there to provide practical exposure. Reference books for students and teachers should be given. Summary should be given at the end of each chapter so that they will get an overall idea about the chapter.

Malhotra.(2002) emphasized that even after indentifying empowerment as a primary development goal, neither the World Bank no any other major development agency has developed a rigorous method for measuring and tracking changes in levels of empowerment.

Bose, Banerjee, and Mukherjee. (1973) conducted the investigation aimed to examine academic and financial aspects as well as administrative arrangements of seven big colleges in Calcutta. The major findings were that he colleges spend more than their income in maintenance of teaching and non-teaching staff. The colleges were obliged to spend very little on maintenance of building, furniture, library and laboratories Purchase of library books from the college fund was inadequate. Average number of lectures delivered by a teacher in a particular subject for teaching day was quite small in some cases.

2.4LEARNING FROM THE REVIEWS

By reviewing the related literature the researcher came to know the research gaps in this particular field of research. In Australia, US that are developed countries many researches on financial literacy are conducted with different groups but in a developing country like India very few research studies are conducted. As India is a growing economy. So, there is a need to check and channelize the capital formation. Further, for capital formation there is a need for savings and investments. So it becomes necessary to known the financial literacy among the citizens of India. Researches undertaken in this light have targeted groups like household people, students and adults. However, few attempts have been made to track financial knowledge and skills of the working people. For example, **FRC (The Financial Reporting Council).(2012)** conducted a survey on financial literacy of directors **Chen and Volpe.(2005)** asserted the importance of personal finance literacy in workplace and **Agarwalla, Barua, Jacob and Varm. (2012)** have conducted a survey on young employees in India. Furthermore, no attempts have been made to known the financial literacy among the teachers in different disciplines. If student teachers are financially literate then they can provide adequate and efficient training to students, to help them manage not only their personal finances but also to enhance the capital formation of the country by saving and investing in a wide variety of financial products.

The study shows that financial literacy is complex. Individuals and groups may perform well on some components of financial literacy but not others and people's financial attitudes affect their level of financial literacy quite strongly. This provides some guidance for designing financial literacy programs. For example, programs focused solely on raising financial knowledge and numeracy may be effective in improving components of financial literacy such as choosing financial products, keeping track of finances and staying informed; however, their affect on planning ahead is likely to be more limited. Programs that also take into account and seek to positively influence people's financial attitudes are likely to be more effective than those that do not. Financial self-efficacy, which is a measure of confidence in dealing with money and of willingness to engage with money management, is positively associated with all components of financial literacy. The research finds that 36% of people find dealing with money is stressful, even when things are going well. Together these findings suggest that effective programs needed to be designed to engage people, overcome stress with dealing of money. This in turn highlights the need for support in the form of advice, 'coaching' and tools amongst some groups in the community. Furthermore, there have been only a few attempts to explicitly link financial knowledge with financial behavior. It is possible that certain aspects of financial literacy are more or less significant in an economic sense in determining good or bad financial behavior and consequently, high or low levels of financial success and sustainability of such success. Further research and testing are needed to determine more realistic benchmarks for the ongoing measurement of financial literacy. This is help to determine the validity of implementing educational strategies in order to improve financial literacy in schools, universities, colleges and workplace. Thus, the reviews have been of immense help to the investigator not only in understanding the backdrop for the study on hand also to develop specific focus, regarding relevant issues.

CHAPTER 3
RESEARCH METHODOLOGY

3.0 INTODUCTION

The present chapter deals with the research methodology used for research study. It includes research design, population, sample and Tool used for study. This chapter also includes procedure for construction of tool and data collection.

3.1 RESEARCH DESIGN

The present study has utilized survey research design.

3.2 POPULATION

The population for the present study comprised of all student teachers belonging to commerce discipline of the Sardar Patel University for the academic year 2014-15. There were total 11 B.Ed. colleges having Gujarati and English Medium of instructions including Grant-in-Aid and Self Finance B.Ed. colleges affiliated to Sardar Patel University. The list of B.Ed colleges is given below

List of Grant-in-Aid B.Ed. Colleges

Serial No.	Name of B.Ed. College
1.	Anand Education College , Anand
2.	M.B. Patel College of Education, Vidhyanagar
3.	N.H. Patel College of Education

List of Self-Financed B.Ed. Colleges

Serial No.	Name of B.Ed. Colleges
1.	Anand College of Education, Anand
2.	Chrisitian College of Education, Anand
3.	Shri I.J. Patel B.Ed College, Mogri
4.	Bavisgam B.Ed College, Vidhyanagar
5.	P.K. Inamdar College of Education, Bakrol
6.	P.M. Patel College of Education, Anand
7.	N.R. Patel College of Education, Karamsad
8.	Sardar Patel College of Education, Bakrol

3.3 SAMPLE AND SAMPLING PROCEDURE

For the study, Random sampling was used to select B.Ed. colleges and Cluster sampling method was used to select Student teachers of those B.Ed. colleges.

For the present study, sample consisted of **43** Student teachers of Grant -in –Aid Gujarati medium B.Ed. colleges and **73** Student teachers of Self Finance colleges. So sample size was of **116** Student teachers having Commerce Method of B.Ed. colleges of Sardar Patel University for the academic year 2014-15.The list of selected sample of the study is as mentioned below :

Grant-In-Aid B.Ed. Colleges

Serial No.	Name of B.Ed Colleges	Number of Student Teachers
1.	Anand Education College, Anand	08
2.	M.B Patel College of Education, Vidhyanagar	35
	Total	**43**

Self-financed B.Ed. Colleges

Serial No.	Name of B.Ed Colleges	Number of Student Teachers
1.	Shri I.J. Patel College of Education, Mogri	26
2.	P.K. Inamdar College of Education, Bakrol	12
3.	P.M. Patel College of Education, Anand	09
4.	Sardar Patel College of Education, Bakrol	08
5.	Waymade College of Education, Vidhyanagr	18
	TOTAL	**73**

3.4 TOOL FOR DATA COLLECTION

In the present study, the researcher used a Questionnaire as tool to collect the data. The researcher had prepared Questionnaire for Student teachers of Sardar Patel University to collect data for the study. The detail description about tool is presented as below:

- **Questionnaire:**

The researcher has reviewed various literatures related to financial literacy prior to construct the Questionnaire for the present study. The Questionnaire consisted of 40 questions related to various components of the financial literacy. The Questionnaire contained Multiple Choice Questions (MCQ) having four options. In the Questionnaire 22 questions were of Financial Knowledge, 7 questions were of Financial Attitude and 12 questions were of Financial Behaviour which are the components of Financial Literacy.

3.5 TOOL PREPRATION PROCEDURE

Following below are the procedure to be carried out for preparing tool for data collection.

- **Deciding components of Questionnaire**

The researcher had taken a very first step for preparing tool for the study. To construct Questionnaire, researcher reviewed various related literature such as Education journals, Thesis, Articles, Dissertations and few related books for getting idea about the preparation of Questionnaire.

- **Preparation of Questionnaire**

Based on components of Financial Literacy , the researcher had prepared first draft of a questionnaire.

The questionnaire was checked by 2 experts in the field of education and as per suggestions and recommendations, the researcher had finalised the questionnaire.

3.6 PROCEDURE FOR DATA COLLECTION

The researcher had followed the following procedure for the purpose of data collection.

The researcher sought permission from the Head/ Principal of respective B.Ed. colleges for the purpose of collecting data from the student teachers. As per the instructions provided by the researcher the Student teachers had responded to the Questionnaire.

3.7 DATA ANALYSIS

The data collected was analysed using percentage analysis technique. The researcher had analysed the data and presented with the help of Pie-charts.

3.8 CONCLUSION

In this chapter the researcher presented procedure for preparation of Tool, Procedure for data collection and data analysis.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.0 INTRODUCTION

This chapter constitutes the data collected by the researcher and its analysis. To collect data from the student teachers, researcher has constructed questionnaire on financial literacy. The financial literacy studied with reference to its components such as Financial Knowledge, Financial Attitude and Financial Behavior. The data collected were analyzed by employing percentage analysis techniques. The detailed data analysis is presented in this chapter.

Researcher has collected data from 7 B. Ed. colleges affiliated to Sardar Patel University. These data were analyzed employing percentage analysis technique and graphical presentation. Researcher has found overall financial literacy of the student teachers and later compare financial literacy of student teachers with respect to gender and grant in aids and self finance colleges affiliated to Sardar Patel University.

4.1 Financial Literacy possessed by Student-teachers

Financial literacy comprised of 3 components such as Financial Knowledge, Financial Attitude and Financial Behavior. The financial literacy possessed by the student teachers is presented in table below.

Table No. 4.1.1

Financial Literacy of Student teachers of Sardar Patel University

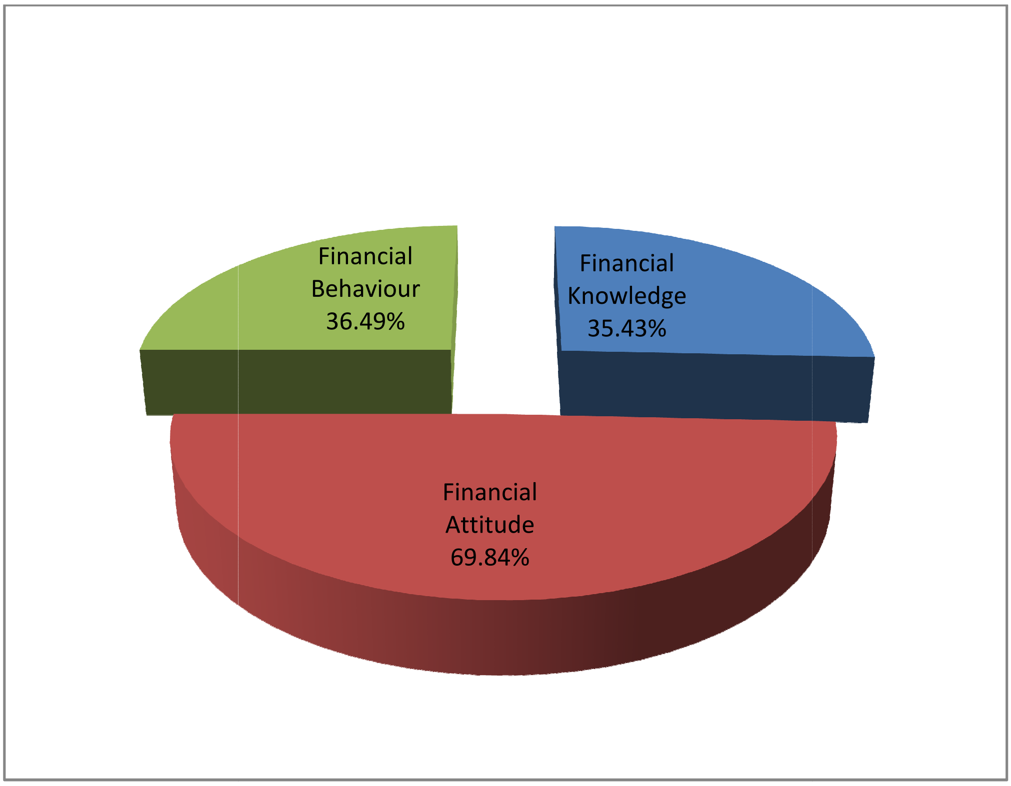
Financial Literacy	49.97 %

The above given Table 4.1 shows the Financial Literacy of Student Teachers of Sardar Patel University. Based on data analysis,it is found that student teachers were possessed 49.97 %. It indicates average level of financial literacy possessed by the student teachers of Sardar Patel University.

Researcher has further analysed data component wise and to find out financial literacy of student teachers component wise. This analysis is presented with the help of pie chart as follow.

Graph No. 4.1.1

Components wise Financial Literacy of Student teachers of Sardar Patel University



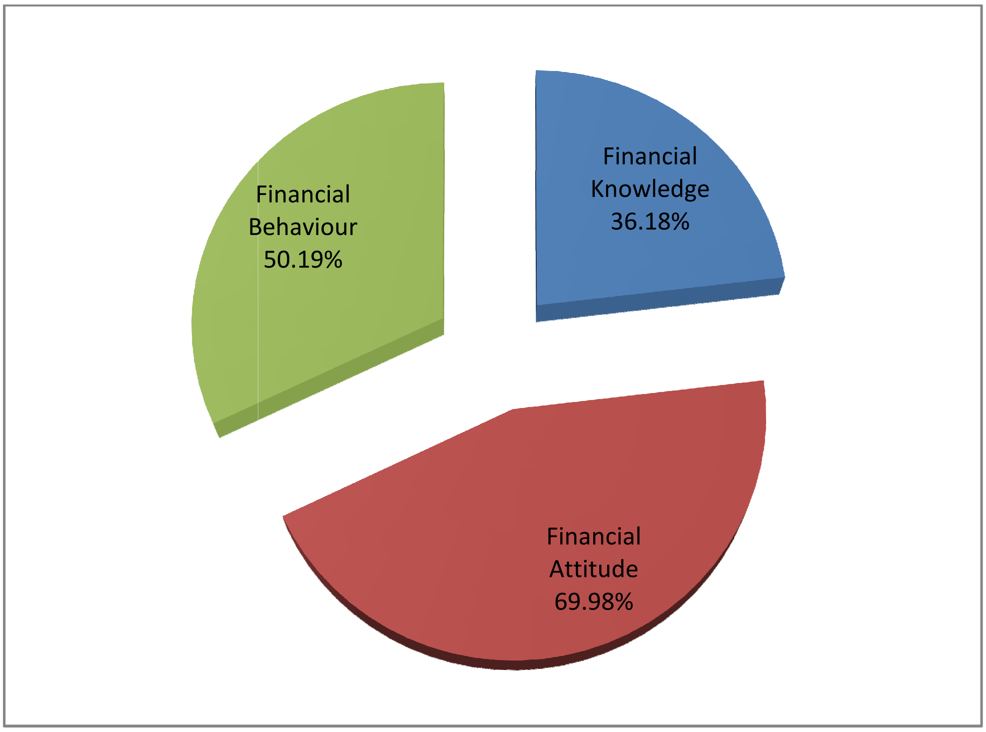
The above given graph shows the component wise Financial Literacy of student teachers of Sardar Patel University. It shows that 36.49% of Financial Knowledge, 69.84% Financial Attitude and 35.43% Financial Behaviour possessed by the student teachers as part of their financial literacy. This indicates that the student teachers are having more Financial Attitude in comparision to Financial knowledge and Financial Behavior.It reveals that they had financial attitude but they were lacking in financial knowledge and which lead to their low financial behaviour.

4.2 GENDER WISE COMPARISON OF STUDENT TEACHERS FINANCIAL LITERACY

The data were analysed gender wise to study financial literacy possessed by male student teachers and female student teachers of Sardar Patel University.

Graph No. 4.2.1

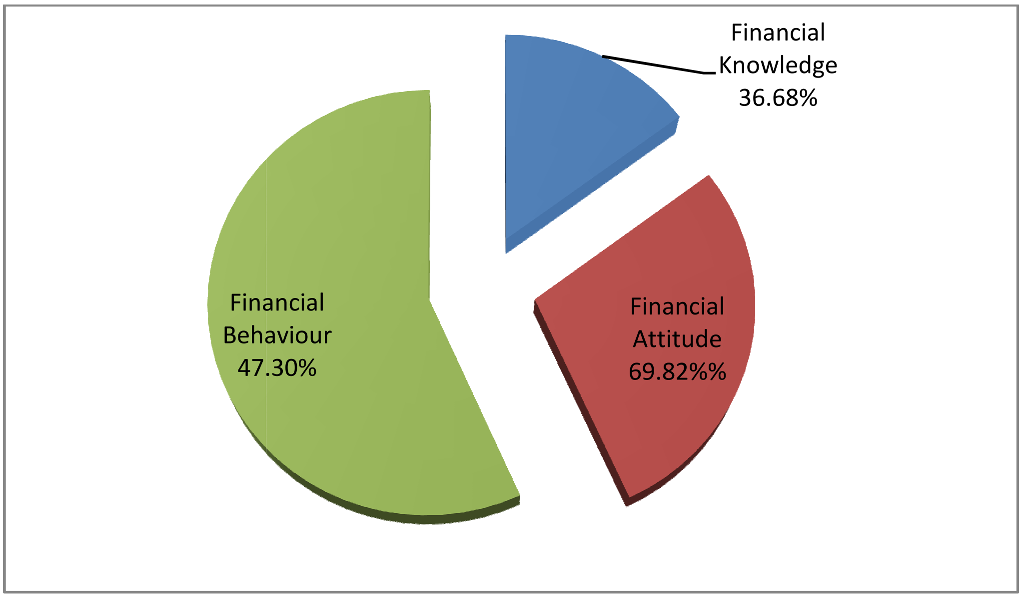
Component wise Financial Literacy of Male Student Teachers



The Financial Knowledge possessed by Male Student Teacher was 36.18% which was very low. The Financial Attitude was 69.98% and the Financial Behaviour was 50.19%. Male Student Teachers were having high Financial Attitude, but due to lack of Financial Knowledge they were lacking in Financial Behavior.

Graph No. 4.2.2

Component wise Financial Literacy of Female Student Teachers



The Financial Knowledge possessed by Female Student Teacher was 36.68% which was very low. The Financial Attitude was 69.82% and the Financial Behaviour was 47.30%. Female Student Teachers were having high Financial Attitude, but due to lack of Financial Knowledge they were not able to show into their Financial Behavior.

The researcher had further analysed, Gender wise data with refrence to Components of Financial Literacy. The Data analysis is presented as follow:

Table No.4.1.2

Gender wise & Component wise Comparison of Financial Literacy

Gender	Financial Knowledge	Financial Attitude	Financial Behaviour
Female	36.68 %	69.82 %	47.30 %
Male	36.15%	69.98%	50.19%

The table 4.2.1 shows comparison of Gender wise Financial Literacy.It shows that there was similarity in levels of financial attitude & financial knowledge possessed by Male Student Teachers & Female Student Teachers. As 47.30% was Financial Behavior of Female Student Teachers & 50.19% of Male Student Teachers, there was 2.89% difference found in Financial Behavior of Male Student Teachers & Female Student Teachers.

4.3 COMPARISON OF FINANCIAL LITERACY OF STUDENT TEACHERS OF GRANT IN AIDSB.ED COLLEGES AND SELF FINANCE B.ED COLLEGES:

The collected data were further analysed and comparison was made with respect to grant in aids B.Ed colleges and self-finance B.Ed. college student teachers with respect to financial literacy. Financial literacy possessed by both type of B.Ed. Colleges is presented as follows.

Table No.4.3.1

Financial Literacy of Student Teachers of Grant-in-Aid B.Ed. Colleges & Self-Finance B.Ed. Colleges

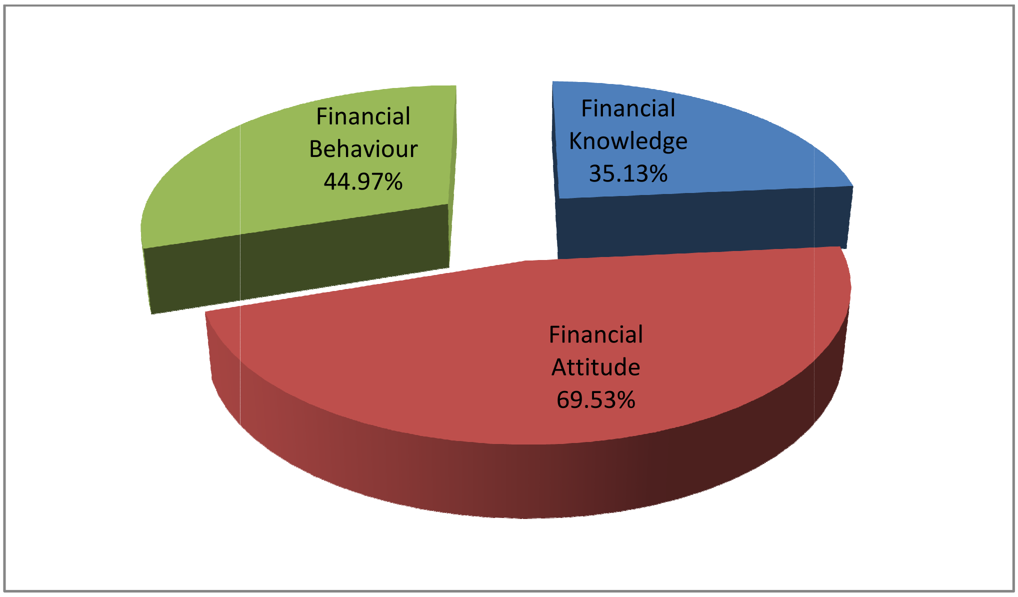
Colleges	Financial Literacy
Grant-In-Aid	47.40%
Self- Financed	50.17%

The above table clearly states that the Financial Literacy of Student Teachers of Grant-In-Aid Colleges was 47.70%, Whereas the Financial Literacy of Student Teachers of Self-Financed colleges was 50.17% which indicates that Student Teachers of Self-financed B.Ed colleges were having 2.47% higher Financial Literacy.

The researcher had further analysed, data based on the Nature of College i.e. Grant-in-Aid B.Ed College & Self-Financed B.Ed Colleges. The Data analysis is presented as follow:

Graph No. 4.3.1

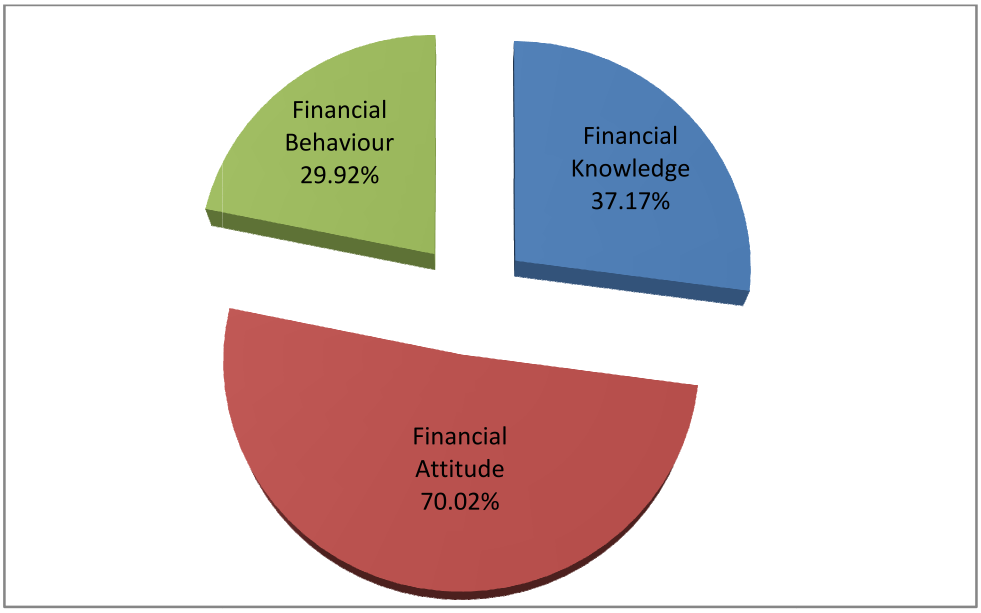
Component wise Financial Literacy of Student Teachers of Grant-in-Aid B.Ed. Colleges



Graph No 4.3.1 reveals that the Financial Knowledge of Student teachers of Grant-in-Aid B.Ed colleges was 35.13% which was very low, whereas they were having a higher financial attitude as 69.53%. In context to the lack of knowledge they were having moderate financial behaviour as 44.97%.

Graph No. 4.3.2

Component wise Financial Literacy of Student Teachers of Self-financed B.Ed. colleges



Graph No 4.3.2 reveals that the Financial Knowledge of Student teachers of Self-financed B.Ed. colleges was 37.17% which was very low, whereas they were having a higher financial attitude as 70.02%. In context to the lack of knowledge they were having moderate financial behaviour as 29.92%.

The comparison between financial literacy of Grant-in-aid B.edcollege student teachers with self-financed B.Ed. College Student Teachers is presented in Tabular form.

Table No 4.3.2

Component wise Financial Literacy of Grant-in-Aid B.Ed Colleges and Self-financed B.Ed. colleges

Colleges	Financial Knowledge	Financial Attitude	Financial Behaviour
Grant-In-Aid	35.13%	69.53%	44.97%
Self-Financed	37.17%	70.02%	29.92%

The above given table shows the Financial Literacy Components of Grant-in-Aid and Self-Financed colleges.

From the table above, it indicates that Financial knowledge possessed by Student Teachers of Self-financed B.Ed. colleges was 37.17% which is higher by 2.04% compared to student Teachers of Grant-in-aid B.Ed. colleges are 35.13% .

From the above table given, it indicates that Financial Attitude possessed by Student teachers of Self-financed colleges was 70.02% which is higher by 0.49 % compared to student teachers of Grant-in-Aid colleges.

From the above table given, it indicates that Financial Behaviour of Student Teachers of Self-financed B.Ed colleges was 29.82% whereas the Financial Behaviour of Student teachers of Grant-in-Aid B.Ed college was 44.97%. It can be said there is significant difference in the behaviour by 15.05 %.

4.4 FINANCIAL LITERACY OF GRANT-IN-AID B.ED. COLLEGE STUDENT TEACHERS :

As the research was carried out on Financial Literacy of Student Teachers of Sardar Patel University, this University having two medium of instructions for providing higher education. Grant-in-Aid B.Ed colleges affiliated to SPU have Gujarati medium of instruction, whereas Self-financed B.Ed colleges are providing education in both English and Gujarati Medium.

The Researcher had further analysed the data, with reference to Medium of Instruction and the Nature of the college.

Table No 4.4.1:

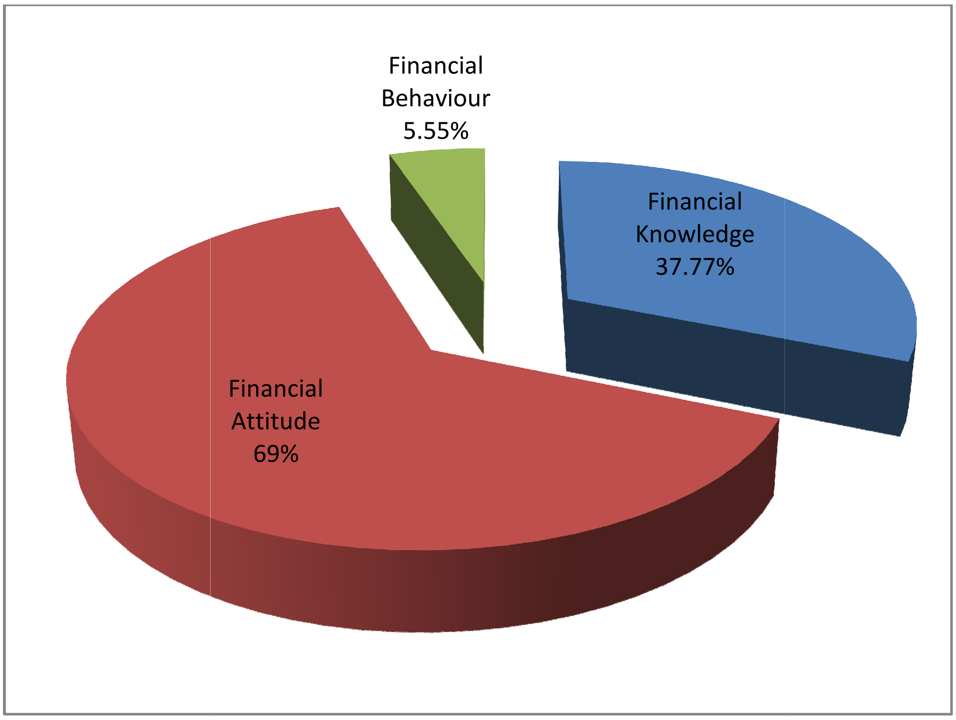
Gender wise Financial Literacy of Grant-in-Aid B.Ed college Student Teachers

Gender	Financial Literacy
Female	46.21 %
Male	49.77%

The table above shows the Financial Literacy of Student Teachers of Grant-in-Aid B.Ed colleges. It indicates that the Financial Literacy of Male Student Teachers is comparatively more than Female Student Teachers by 3.56%. So it can be said that Male Student Teachers possess more Financial Literacy.

Graph No.4.4.1

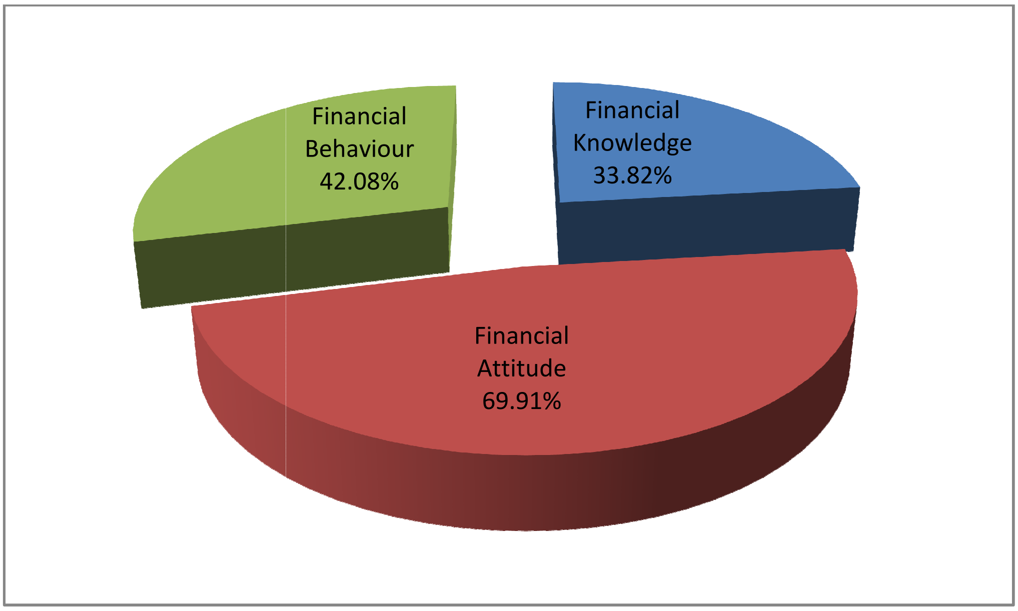
Component wise Financial Literacy of Male Student Teachers of Grant-in-Aid B.Ed. Colleges



The graph above shows the financial components possessed by Male Student Teachers of Grant-IN-Aid B.Ed. colleges. It that the Financial Knowledge of Male Student teachers of Grant-in-Aid B.Ed. colleges was 37.77% which was very low, whereas they were having a higher financial attitude as 69%. In context to the lack of knowledge they were having moderate financial behaviour as 5.55%. Hence, the Financial Behaviour is very low in overall aspects of Financial concepts.

Graph No.4.4.2

Component wise Financial Literacy of Female Student Teachers of Grant-in-Aid B.Ed. Colleges



The Graph above shows the Component wise Financial Literacy of Female Student Teachers of Grant-in-Aid colleges. It reveals that the Financial Knowledge was 33.82% which was very low, whereas they were having a higher financial attitude as 69.91%. In context to the lack of knowledge they were having moderate financial behaviour as 42.08%.

Table No. 4.4.2

Component Wise Financial literacy of Student teachers of Grant-in- Aid B.Ed Colleges

Gender	Financial Knowledge	Financial Attitude	Financial Behaviour
Female	33.82 %	69.91 %	42.08 %
Male	37.77%	69%	5.55%

The Table given shows the Financial Literacy Components of Grant-in-Aid colleges. From the table above, it indicates that Financial knowledge possessed by Male Student Teachers colleges was 37.77% which is higher by 3.95% compared to Female Student Teachers as they possessed Financial knowledge by 33.82% .

From the above table given, it indicates that Financial Attitude possessed by Male Student teachers was 69 % which is higher by 0.91 % compared to Female Student teachers of as they possessed Financial attitude by 69.91%.

From the above table given, it indicates that Financial Behaviour possessed by Male Student Teachers was 5.55% whereas the Financial Behaviour of Female Student teachers of was 42.08%. It can be said there is significant large difference in the behaviour by 36.53 %.

4.5 FINANCIAL LITERACY OF STUDENT TEACHERS OF SELF FINANCED B.ED. COLLEGES (GUJARATI MEDIUM):

Table No. 4.5.1

Self- financed B.Ed. Colleges (Gujarati Medium)

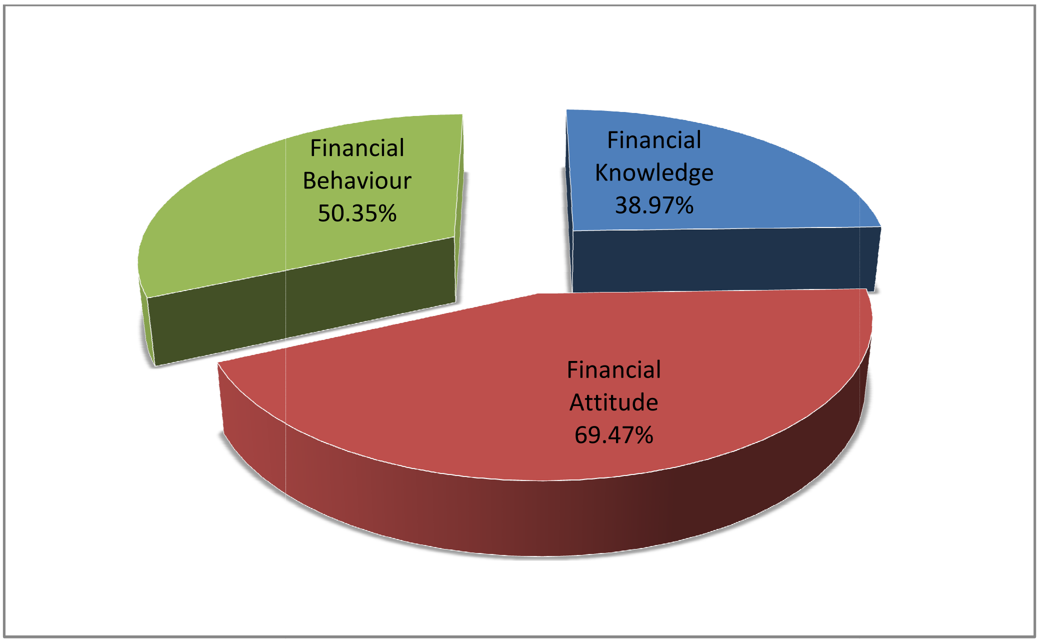
Gender	**Financial Literacy**
Female	51.10%
Male	48.83 %

The table above shows the Financial Literacy of Student Teachers of Self-financed Colleges (Gujarati Medium) B.Ed colleges. It indicates that Financial Literacy of Female Student Teachers is comparatively more than Male Student Teachers by

2.27%. So it can be said that Female Student Teachers possess more Financial Literacy.

Graph No 4.5.1:

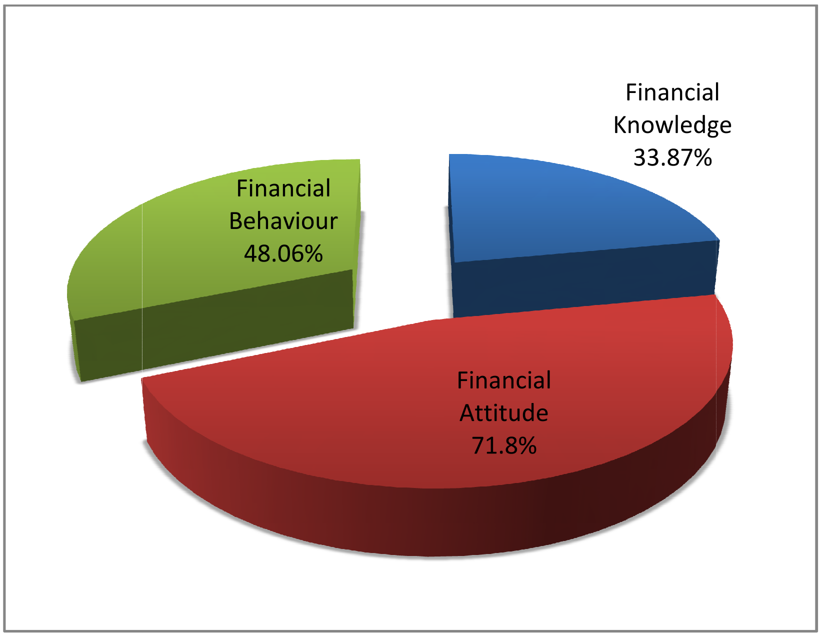
Components wise Financial Literacy of Female Student Teachers of Self-Financed B.Ed. Colleges (Gujarati Medium)



The graph above shows the Financial components possessed by Female Student Teachers of Self-financed B.Ed colleges (Gujarati Medium). It reveals that the Financial Knowledge of Female Student teachers was 38.97% which was very low, whereas they were having a higher financial attitude as 69.47%. In context to the lack of knowledge they were having moderate financial behaviour as 50.55%.Hence, the Financial Behaviour is moderate in overall aspects of Financial concepts.

Graph No 4.5.2

Component wise Financial Literacy of Male Student Teachers of Self-financed B.Ed. Colleges (Gujarati Medium)



The graph above shows the financial components possessed by Male Student Teachers of Self-financed B.Ed. colleges (Gujarati Medium). It reveals that the Financial Knowledge of Male Student teachers was 33.87% which was very low, whereas they were having a higher financial attitude as 71.8%. In context to the lack of knowledge they were having moderate financial behaviour as 48.06%.Hence, the Financial Behaviour is moderate in overall aspects of Financial concepts.

Table No 4.5.2

Component wise Financial Literacy of Student teachers of Self- financed B.Ed. Colleges (Gujarati Medium)

Gender	Financial Knowledge	Financial Attitude	Financial Behaviour
Female	38.97%	69.47%	50.35%
Male	33.87%	71.8%	48.06 %

The Table given shows the Financial Literacy Components of Self-financed B.Ed colleges (Gujarati Medium).
From the table above, it indicates that Financial knowledge possessed by Male Student Teachers colleges was 33.87% which is higher by 5.1% compared to Female Student Teachers as they possessed Financial knowledge by 38.97% .

From the above table given, it indicates that Financial Attitude possessed by Male Student teachers was 71.8 % which is higher by 2.33 % compared to Female Student teachers of as they possessed Financial attitude by 69.47%.

From the above table given, it indicates that Financial Behaviour possessed by Male Student Teachers was 48.06% whereas the Financial Behaviour of Female Student teachers of was 50.35%. It can be said there is significant difference in the behaviour by 2.29 %.

4.6 FINANCIAL LITERACY OF STUDENT TEACHERS OFSELF-FINANCED (ENGLISH MEDIUM) B.ED. COLLEGE:

Table No. 4.6.1

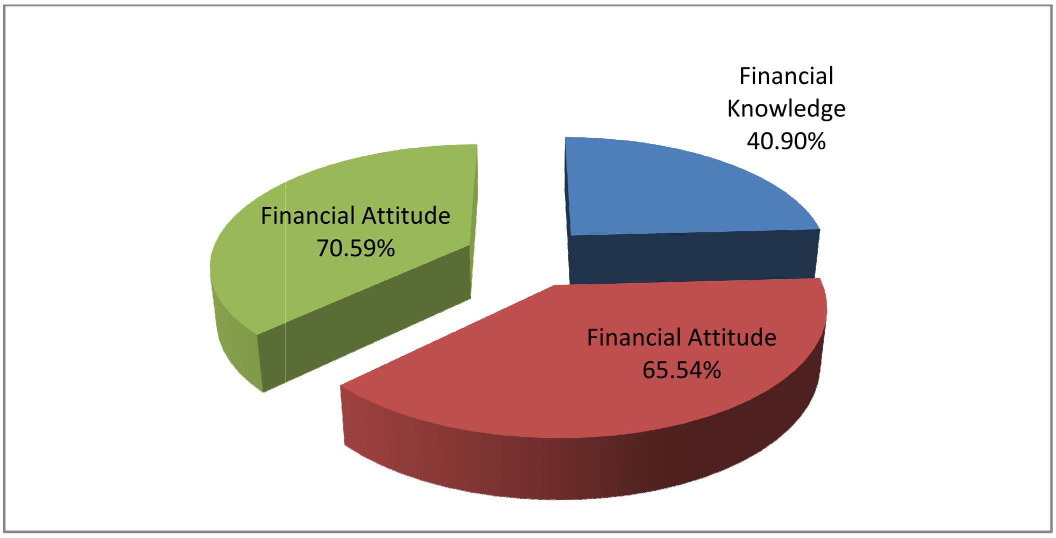
Gender Wise Financial Literacy of Self-Financed (English Medium) B.Ed. college Student Teachers

Gender	**Financial Literacy**
Female	49.70%
Male	55.12%

The table above shows the Financial Literacy of Student Teachers of Self-financed Colleges (English Medium) B.Ed. colleges. It indicates that the Financial Literacy of Male Student Teachers is comparatively more than Female Student Teachers by 5.42%. So it can be said that Male Student Teachers possess more Financial Literacy.

Graph No. 4.6.1:

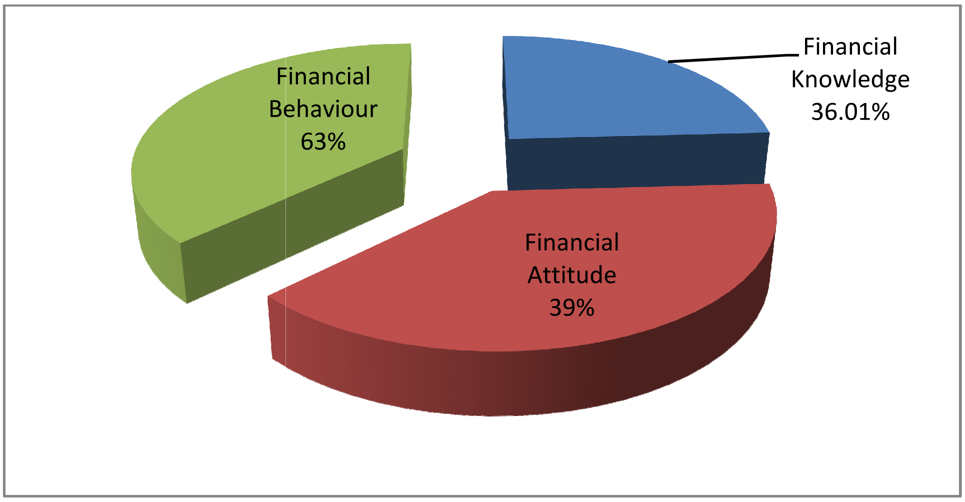
Component wise Financial Literacy of Female Student Teachers of Self-Financed B.Ed. Colleges (English Medium)



The graph above shows the Financial components possessed by Female Student Teachers of Self-financed B.Ed. colleges (English Medium). It reveals that the Financial Knowledge of Female Student teachers was 40.90% which was an overall attempt, whereas they were having a higher financial attitude as 70.59%. In context to the lack of appropriate knowledge they were having moderate financial behaviour as 65.54%. Hence, the Financial Behaviour is moderate in overall aspects of Financial attitude and Behavior.

Graph No.4.6.2:

Component wise Financial Literacy of Male Student Teachers of Self-financed B.Ed. Colleges (English Medium)



The graph above shows the financial components possessed by Male Student Teachers of Self-financed B.Ed. colleges (English Medium). It reveals that the Financial Knowledge of Male Student teachers was 36.01% which was very low, whereas they were having very low financial attitude as 39%. In context to the lack of knowledge they were having positive financial behaviour as 63%. Hence, the Financial Behaviour is moderate in overall aspects of financial concepts.

Table 4.6.2

Self- financed B.Ed. Colleges (English Medium)

No. Of Classification	**Gender**	**Financial Knowledge**	**Financial Attitude**	**Financial Behaviour**	Financial Literacy
1.	Female	36.01%	70.59%	49.09%	49.70%
2.	Male	40.90%	65.54%	63.00%	55.12%

The Table given shows the Financial Literacy Components of Self-financed (English Medium) B.Ed. colleges. From the table above, it indicates that Financial knowledge possessed by Male Student Teachers colleges was 40.09% which is higher by 4.89%

compared to Female Student Teachers as they possessed Financial knowledge by 36.01% .

From the above table given, it indicates that Financial Attitude possessed by Male Student teachers was 65.54 % which is higher by 5.05 % compared to Female Student teachers of as they possessed Financial attitude by 70.59%.

From the above table given, it indicates that Financial Behaviour possessed by Male Student Teachers was 63% whereas the Financial Behaviour of Female Student teachers of was 49.09%. It can be said there is significant difference in the behaviour by 13.91 %.

CHAPTER 5

FINDINGS, IMPLICATIONS AND CONCLUSION

5.0 INTRODUCTION

The researcher had conducted the study on a study of Financial Literacy of Student Teachers of Sardar Patel University. This chapter includes major findings of the research and implications. A few areas of study have been suggested for further research. The chapter ends with a note on personal benefits of this researcher as survey by the researcher.

5.1 STATEMENT OF THE PROBLEM

A Study of Financial Literacy of Student Teachers of Sardar Patel University

5.2 OBJECTIVES OF THE STUDY

The research was carried out with the following objectives in focus:

6) To study Financial Literacy of student teachers of SPU.
7) To study Financial Literacy of Student Teachers with respect to Gender.
8) To compare financial literacy of student teachers of Grant-in-Aid B.Ed Colleges and Self- Financed B.Ed. Colleges of SPU.

5.3 RESEARCH DESIGN

The present study has utilized survey research design.

5.4 POPULATION AND SAMPLE

The population for the present study comprised of all student teachers belonging to commerce discipline of the Sardar Patel University for the academic year 2014-15.

For the present study, sample consisted of **116** Student Teachers having Commerce Method of B.Ed. Colleges of Sardar Patel University for the academic year 2014-15.

5.5TOOL

In the present study, the researcher used a Questionnaire as tool to collect the data. The researcher had prepared Questionnaire for Student teachers of Sardar Patel University to collect data for the study.

5.6 FINDINGS

1. Average level of financial literacy is possessed by the student teachers of Sardar Patel University.
2. Student teachers are having more Financial Attitude in comparision to Financial knowledge and Financial Behaviour.
3. Student teachers have shown financial attitude but due to lack of financial knowledge they are not able to show their financial behaviour.
4. Male Student teachers are having high Financial Attitude, but due to lack of Financial Knowledge they are lacking in Financial Behavior.
5. Female Student teachers are having high Financial Attitude, but due to lack of Financial Knowledge they are not able to show into their Financial Behavior.
6. There is similarity in levels of financial attitude & financial knowledge possessed by Male Student teachers & Female Student teachers.
7. There is 2.89% difference found in Financial Behavior of Male Student Teachers & Female Student Teachers.
8. Student teachers of Self-financed B.Ed. colleges are having 2.47% higher Financial Literacy in comparison to Grant-in-Aid B.Ed. colleges.
9. The Student teachers of Grant-in-Aid B. Ed. colleges is having a higher financial attitude, due to the lack of knowledge they are having moderate financial behaviour.
10. The Student teachers of Self-financed B. Ed. colleges are having a higher financial attitude, due to the lack of knowledge they are having moderate financial behaviour.
11. Financial knowledge possessed by Student Teachers of Self-financed B. Ed. colleges is higher by 2.04% compared to student teachers of Grant-in-aid B. Ed. colleges.
12. Financial Attitude possessed by Student teachers of Self-financed colleges is higher by 0.49 % compared to student teachers of Grant-in-Aid colleges.
13. Male Student teachers of Grant-in-Aid B.Ed. colleges possess 3.56% comparatively high Financial Literacy then Female Student Teachers .
14. Financial Literacy components possessed by Male Student teachers of Grant-in-Aid B. Ed. colleges shows that, they are having a higher

financial attitude. In context to the lack of knowledge they are having moderate financial behavior .

15. The Student teachers Grant-in-Aid B.Ed.colleges, indicates that Male Student teachers is comparatively having financial knowledge higher by 3.95% compared to Female Student teachers.
16. Financial Attitude, possessed by Male Student teachers of Grant-in-Aid B.Ed colleges is higher by 0.91 % compared to Female Student teachers.
17. Components wise Financial Literacy of Grant-in-Aid B.Ed. colleges indicates that financial knowledge possessed by Male Student teachers colleges is higher by 3.95% compared to Female Student teachers. In case of Financial Attitude Male Student teachers are possessing 0.91 % higher attitude in comparison to Female Student teachers. In Financial Behaviour there is significant large difference in the behaviour by 36.53 %.
18. Financial Literacy of Student Teachers of Self-financed Colleges (Gujarati Medium) B.Ed. colleges indicates that Female Student teachers possess 2.27% Financial Literacy comparatively more than Mle Student teachers.
19. The financial literacy components wise possessed by Female Student teachers of Self-financed B.Ed. colleges (Gujarati Medium) reveals that they are having a higher financial attitude. In context to the lack of knowledge they are having moderate financial behaviour.
20. The financial literacy components wise possessed by Male Student teachers of Self-financed B.Ed. colleges (Gujarati Medium) reveals that they are having a higher financial attitude. In context to the lack of knowledge they are having moderate financial behavior.
21. Financial Literacy components wise of Self-financed B.Ed. colleges (Gujarati Medium) indicates that financial knowledge possess by Male Student teachers is higher by 5.1% compared to Female Student teachers. It reveals that Financial Attitude possessed by Male Student teachers is higher by 2.33 % compared to Female Student teachers. It also revealed that there is significant difference in the behaviour by 2.29 %.
22. The Financial Literacy of Student teachers of Self-financed Colleges (English Medium) B.Ed. Colleges, indicates that the Financial Literacy of Male Student teachers is 5.42% more than Female Student teachers.

23. The financial literacy components wise possessed by Female Student teachers of Self-financed B.Ed. colleges (English Medium), revealed that they are having a higher financial attitude. In context to the lack of appropriate knowledge they are having moderate financial behaviour.
24. Components wise financial literacy possessed by Male Student teachers of Self-financed B.Ed. colleges (English Medium) revealed that they are having very low financial attitude. In context to the lack of knowledge they are having positive financial behavior.
25. Components wise Financial Literacy of Self-financed (English Medium) B. Ed. colleges indicated that the Financial knowledge possessed by Male Student teachers of B.Ed. college is higher by 4.89% compared to Female Student teachers. It also revealed that Financial Attitude possessed by Male Student teachers is higher by 5.05 % compared to Female Student teachers. There is significant difference in the behaviour by 13.91 %.

5.4 IMPLICATIONS FOR THE STUDY

- There need to be emphasised more focus Basic Knowledge of Finance & relative topics.
- School education has to give more importance to financial education by introducing at primary level.
- Student teacher has to be oriented about financial education so that they can provide at school level.
- In-service training financial components of financial literacy can be added for school teachers training.
- Commerce students have to be oriented about various financial instruments.
- More practical knowledge related to financial literacy has to be provided at undergraduate and post graduate levels of education

5.5 SUGGESTIONS FOR THE FURTHER STUDY

Further research study may be undertaken in the areas suggested here below:

- Comparative study between various Universities can be carried out.
- Financial literacy can be studied with respect to more variables like age, area, different disciplines etc,.

- Financial Literacy can be studied with respect to different group of people as: School level, corporate level.
- Financial Literacy can be studied with respect to various disciplines and nature of colleges.
- To design financial literacy curriculum, experimental study can be done.
- Financial Literacy can be conducted to know gather detailed information on higher education courses.
- Financial literacy can be studied to make comparison between different educational institutions and also student teachers across different years of study.
- Financial Literacy programmes can be developed and implemented to enhance the level of financial literacy among the students at schools, colleges irrespective of any discipline.
- A comprehensive nationwide research in financial literacy can be undertaken for deeper understanding of financial aspects regarding savings, investments, policies formulations, stock markets, bonds etc,.
- Longitudinal studies can be undertaken to know more accurate levels of financial literacy.

5.6 CONCLUSION

Hence from the above data analysis it can be interpreted that the Student Teachers are having average level of financial literacy. There is a need to inculcate studies on financial concepts .On the basis of nature of colleges Grant-in-Aid colleges and Self-Financed colleges there is relatively minor difference is the financial literacy possessed by them. Whereas, the Student teachers of both the B.Ed. colleges had same level of financial components. It is found that the Financial knowledge possessed by the Student teachers is low which needs to emphasised by inculcating more of financial aspects in the curriculum. The financial attitude possessed by the Student teachers is higher. Lack of financial knowledge affects the financial behaviour of the student teachers. Hence there is a need to boost the aspects of Financial concepts among the young citizens.